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TODAY:
LEISURE



A Frantic Search for Survivors in Italy

Rescuers helping a woman in the southern Italian town of Sarno on Thursday after she learned of the death of her husband in a mudslide. The rivers of mud that swept through several towns near Naples have killed at least 54 people. Page 5.

Duisenberg Calls Feud Over EU Bank 'Absurd'

No Timetable on Resignation, He Insists

By Barry James
International Herald Tribune

AVIGNON, France — The leaders of France and Germany moved Thursday to display unity and set aside their bitter quarrel over the European Central Bank, even as the bank's future chief castigated European leaders for the "slightly absurd" deal that led to his appointment.

President Jacques Chirac of France and Chancellor Helmut Kohl of Germany affirmed Thursday at a summit meeting here that the French-German friendship at the heart of Europe's monetary union had survived their dispute over the nomination of Wim Duisenberg as the head of the bank.

Meanwhile, in Brussels, Mr. Duisenberg told European lawmakers that the hickering over the deal had left "a bad taste in the mouth." Speaking at a nominating hearing, he even said that he might not quit his post mid-term.

"I have never stated that I will serve only four or five years," Mr. Duisenberg told the European Parliament committee hearing.

"What I have done," he added, was to indicate "that I regard it not likely I will serve the full term."

Mr. Duisenberg appeared to win over the committee with sharp criticism of the way European Union leaders had handled his appointment. "I deplore the fact that the nationality question has come so much to the fore," he said.

The negotiations over the bank presidency almost broke down at the summit meeting in Brussels on Saturday, threatening the introduction of the European single currency, when France insisted that Mr. Duisenberg step down halfway through his eight-year term to make way for the governor of the Bank of France, Jean-Claude Trichet.

The dispute was resolved only when Mr. Duisenberg read out to ministers a statement that he was prepared to resign after four years, but without setting a specific date. The blizzard in which the French successfully applied political pressure in favor of their candidate cast a shadow over the central bank's independence and, analysts said, weakened Mr. Kohl politically in the months preceding a difficult election in September.

"Many people feel, Mr. Duisenberg, that your independence has been compromised," said a British member of the European Parliament, Alan Donnelly, at a committee hearing.

Mr. Duisenberg replied that he did not think this was so, but acknowledged that he had come under "intense" political pressure to set a date for his departure.

Newstand Prices	
Andorra.....	10.00 FF
Antilles.....	12.50 FF
Armenia.....	1.500 CFA
Bahrain.....	5.50 FF
Belgium.....	10.00 FF
Brazil.....	1.100 CFA
Canada.....	2.800 CFA
Chad.....	1.250 CFA
Czech Rep.....	1.250 CFA
Dominican Rep.....	1.250 CFA
Egypt.....	1.250 JD
France.....	700 FF
Germany.....	U.S. \$1.20

Fast Lane for German Firms

Daimler-Benz Takes Over Chrysler as VW Acquires Rolls-Royce

By John Schmid
International Herald Tribune

LONDON — German automakers moved boldly Thursday to extend their global influence as Daimler-Benz AG said it would acquire Chrysler Corp. and as Volkswagen AG won a come-from-behind bidding contest to buy Rolls-Royce Motor Cars Ltd., the luxury British carmaker.

The deal to create DaimlerChrysler, as the company will be called, is the highest industrial takeover ever and the largest acquisition of a U.S. company by a foreign buyer.

"On the road to World Inc.," Germany's Sueddeutsche Zeitung wrote. The trans-Atlantic deal, signed late Wednesday in London, is a \$92 billion share swap and does not involve a buy-out, executives said.

An exuberant Juergen Schrempp, chairman of Daimler and the man who initiated negotiations with Chrysler in January, said, "This is an historic agreement that will change the face of the auto industry." He added: "We will have the size, profitability and reach to take on anyone."

The transactions represent an ambitious push by both German carmakers to expand rapidly across borders and into new market segments. Daimler, which has been humbled in its recent efforts to launch subcompact models, effectively adds a full range of mass-market cars and minivans to its portfolio while VW continues a determined drive for upscale customers. (Page 13)

Taken together, analysts said, the two acquisitions reflect the powerful re-emergence of the German auto industry after a searing recession earlier in the decade. Germany's automakers have been adding jobs, sales and capacity this year and posted record profits.

Although Chrysler's chairman, Robert Eaton, appearing with Mr. Schrempp on the neutral corporate territory of London, said the alliance was a "merger of equals," it was clear that the German partner will dominate the new company, to be called DaimlerChrysler AG, with \$130 billion in annual revenue.

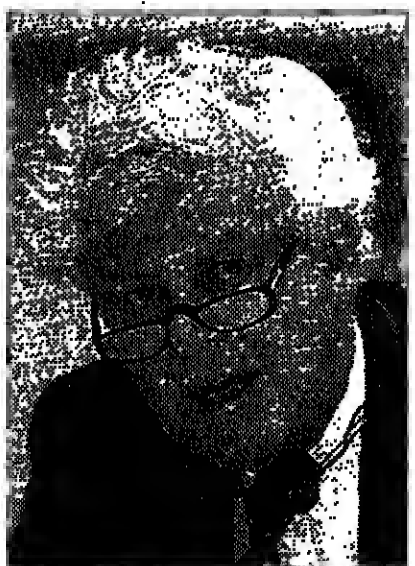
Mr. Schrempp, 52, will become the sole chairman of the merged company following an initial three-year interim period when he will share the top job with Mr. Eaton to help integrate the two companies and their cultures, reducing Mr. Eaton, 58, to a transitional figure. Daimler, Germany's largest industrial group, will account for 57 percent of the company's equity base, which is valued at \$92 billion.

In its proposed purchase of Rolls-Royce, VW relied on its deep pockets to outbid rival German carmaker Bayerische Motoren Werke AG — or BMW — for Rolls-Royce. After Rolls-Royce's parent company Vickers PLC only two weeks ago declared BMW the winner of the bidding war, VW raised its bid to \$430 million (\$713.2 million), well above the \$340 million offered by BMW. The deal must be approved by shareholders, who meet in early June.

Daimler and Chrysler both expect to add new jobs and capacity on both sides of the Atlantic because of the demand they expect as the combination opens new geographic markets for each. Both promised to avoid plant closures and layoffs. "We expect to grow employment in Europe and the U.S. quite substantially," Mr. Eaton said.

Borrowing from another German newspaper headline, Mr. Schrempp called the combination a "match made in heaven." The two companies have minimal geographic or product overlap, meaning that Daimler can use

See EUROPE, Page 4



Mr. Duisenberg addressing a European Parliament panel Thursday.

See DAIMLER, Page 12



Juergen Schrempp, left, Daimler-Benz chairman, and Robert Eaton, head of Chrysler, at the London announcement.

Car Deals: What's Under the Hood?

• For Daimler-Benz and Chrysler, the road ahead may be full of potholes. Page 12.

• Daimler-Benz's chairman, Juergen Schrempp, is firmly behind the wheel at the conglomerate. Page 12.

• Chrysler stake makes Kirk Kerkorian a big profit — and a big prophet. Page 12.

• German companies turn less German. Page 12.



Students Defy Skeptics With Indonesia Protests

Marches Gain Broad Support, Off the Record

By Keith B. Richburg
Washington Post Service

JAKARTA — The scene Thursday at a secretarial management school and maritime academy here has been repeated almost daily on campuses around the capital and across the country.

Hundreds of students gathered in the late morning, some holding placards and banners, some wearing the bright jackets of their school colors, in this case purple. They chanted for reform, sang patriotic songs, and marched through the front gates to test the mettle of the police and security forces trying to keep the protest within the confines of the campus.

There was tension, some pushing and shoving, as the students pressed against a row of plastic shields and helmets. There were scuffles. Finally, a director of the school climbed atop a police truck, and told the students through a barely audible megaphone that their cause was just; they should continue the fight, and their goal — the reform of the political system — would ultimately be achieved.

As the students filed, cheering, back to the campus, there was a startling scene:

The students exchanged handshakes and high-five palm slaps with the policemen with whom minutes before they had been locked in nervous confrontation.

"We're going to continue until the government hears our demands," said a 23-year-old economics student. "But we're always looking to avoid any kind of conflict. Avoiding conflict is best for both sides."

Another student, a 27-year-old named Franky, added, "We are making a revolution in this country." The students are angry and in open revolt against the government. They are organized, determined, and clear about what they want — a complete economic, political and legal overhaul of Indonesian society.

"Economics is only one side of the crisis," said Dede, also an economics student. "We want to get rid of corruption, collusion. These are things that have been plaguing Indonesia for centuries."

The administration quickly distanced itself from their comments, saying that they reflected only their personal view.

They came at a highly sensitive time, however. With a special U.S. envoy, Dennis Ross, headed back to Israel on Thursday at the request of Prime Minister Benjamin Netanyahu, the Israeli government is hesitating about whether to accept U.S. terms for a new round of peace talks in Washington on Monday.

The official U.S. policy line is that it does not want to prejudice the outcome of final-status talks between Israel and the Palestinians on such sensitive matters as final borders and the status of Jerusalem.

Even before Mrs. Clinton's comments, members of Congress from both parties were accusing the administration of tilting toward the Palestinians and endangering the Middle East peace process by pressuring Israel. In a quirk of scheduling, Mrs. Clinton made the statement after an Israeli student called her to task for using the word "Palestine" and pointed out that "right now this country does not exist."

The development of a Palestinian state, she added, would be "very important" for the "broader goal of peace."

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Economic Turmoil Clips the Wings of Asian Airlines

By Michael Richardson
International Herald Tribune

SINGAPORE — The currency collapse and economic slump in East Asia are reshaping air travel in the region, with severely weakened airlines streamlining their operations and turning to stronger foreign partners — mainly from the United States and Europe — to cut costs and gain access to more buoyant markets.

Analysts say the result is likely to be an Asian aviation industry that is more efficient and profitable but less autonomous because its carriers will increasingly mesh their operations with powerful global airline alliances that are expected to dominate passenger and freight traffic in the 21st century.

For travelers, there will be both benefits and drawbacks, according to Jonathan Wall, editor of Business Traveler Asia Pacific magazine. The advantages of such alliances, he said, include joint frequent-flyer programs, increased service and more efficient connections and easier ticketing.

"The most glaring drawbacks include a reduction of flights on certain routes, a corresponding diminution of choice, widely differing standards of service and corporate culture between alliance partners, and the eventual creation of an aviation order dominated by a handful of oligopolies," he said.

Declan Magee, a transport analyst with HG Asia Securities Ltd. in Hong Kong, said: "There are a lot of distressed airline companies in Asia that are now prepared to form strategic alliances or sell stakes to other carriers to get access to the money, markets and management expertise they need to help them recover."

"This creates opportunities for American and

and corporate culture between alliance partners, and the eventual creation of an aviation order dominated by a handful of oligopolies," he said.

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12 Billion Years Later, Flash!

Brightest Cosmic Explosion Recorded Finally Reaches Earth

By Kathy Sawyer
Washington Post Service

WASHINGTON — Astronomers have detected the brightest cosmic explosion documented in human history, a cataclysm that for one or two seconds might have burst with more light than all the stars in the universe combined.

The blast of high-energy gamma rays, a form of light invisible to unaided human eyes, was safely remote from Earth in time and space, having occurred 12 billion years ago in the young universe.

"The energy released by this burst in its first few seconds staggers the imagination," said Shrinivas

Kulkarni of the California Institute of Technology in Pasadena.

No one knows what produced the historic fireworks. But the event, and others like it that might now be detected, could open a window on the secrets of the most violent events in the universe and on unknown processes that shaped the first generations of stars to form after the Big Bang, astronomers said.

The light waves, weakened during their long journey across the cosmos, reached Earth on Dec. 14. Although the distant cataclysm resembled a normal star when it was captured in satellite images, it triggered a global scramble among gamma

See COSMOS, Page 4

The Dollar			
New York	Thursday 4 P.M.	previous close	
DM	1.7885	1.7851	
Pound	1.6485	1.6585	
Yen	133.30	133.175	
FF	5.327	5.3175	
The Dow			
New York	Thursday 4 P.M.	previous close	
Dow	77.97	8878.68	9054.65
S&P 500			
New York	Thursday 4 P.M.	previous close	
S&P 500	9.78	1095.14	1104.92
Books			
Crossword	Page 3.		
Opinion	Pages 6-7.		
Sports	Pages 20-21.		
The IHT on-line	www.ihnt.com		

AGENDA

Unknown Vet to Be Exhumed

WASHINGTON (AP) — The remains of a Vietnam War veteran buried in the Tomb of the Unknowns were ordered exhumed Thursday to settle questions about whether he can, in fact, be identified.

The decision by Defense Secretary William Cohen comes one week after a Pentagon panel recommended that remains be exhumed from the Tomb of the Unknowns, the monument dedicated to the country's unidentified war dead.

Ken Bacon, a Pentagon spokesman, said that Mr. Cohen made the decision "after weighing the sanctity of the tomb with the need for the fullest possible accounting."

"If we can identify the remains now, we have an obligation to try," he said. The families, he said, "deserve nothing less."

The family of Lieutenant Michael Blassie, a fighter pilot missing during the Vietnam War, thinks the remains are his.

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Businessmen

THE AMERICAS

Starr and Clinton Camps Settle Down for Trench Warfare

Investigation in Arkansas Fades Away, \$40 Million Later

By Doyle McManus, Jack Nelson
and David Willman
Los Angeles Times Service



Betty Currie, a Clinton secretary, arriving at a federal court Thursday.

From Clinton's Defenders, A New Strike at Prosecutor

By John M. Broder
New York Times Service

WASHINGTON — Lawyers for the president and two senior White House aides have filed a sealed motion asking Judge Norma Holloway Johnson of the U.S. District Court to hold independent counsel Kenneth Starr in contempt of court for violating grand jury secrecy rules with "flagrant leaks" to the news media.

Mr. Starr was informed of the complaint, the second of its kind this year, in a letter Wednesday by President Bill Clinton's lead private lawyer, David Kendall.

Mr. Kendall wrote that news reports Tuesday and Wednesday regarding Judge Johnson's ruling on the president's executive privilege claim "plainly originated from your office."

Judge Johnson ruled Monday that the president could not use executive privilege to prevent questioning of his

closest aides, according to officials and lawyers involved in the inquiry. The ruling was widely reported Wednesday.

Mr. Starr proclaimed the judge's ruling "magnificent" in response to a television reporter's question Wednesday. Mr. Kendall and White House aides immediately seized on the comment as a violation of the strictures against any comment on grand jury matters.

"These matters are under seal and Starr's violation of that seal is improper at best," said Joseph Lockhart, deputy White House press secretary. "It's up to the judge to decide at worst."

At a news conference Wednesday, Mr. Clinton said he could not comment on the ruling because it is under seal.

Jackie Bennett Jr., a deputy independent counsel, said the office "categorically denies Kendall's accusations."

"This appears to be another effort by Kendall to divert attention from the reports of the ruling," he said.

erally insured savings and loan association?

The quiet end of Mr. Starr's Arkansas grand jury was an implicit acknowledgment that the long investigation of Whitewater Development Corp. and Madison Guaranty Savings & Loan did not turn up any evidence that justified immediate criminal action against the president or his wife.

The inquiry did lead to the convictions of 14 Arkansas on fraud, conspiracy or bribery charges, including the former Clinton business partners James and Susan McDougal, and, ironically, a Clinton adversary, former Governor Jim Guy Tucker.

Rahm Emanuel, a White House aide, said he would like the lesson to read this way: After four years and \$40 million, "there was no indictment of the first lady or the president. It has all come to naught."

But Mr. Emanuel and other Clinton defenders acknowledged that their camp could not breathe easy. The president still faces the potentially embarrassing Lewinsky matter. Mrs. Clinton is still under scrutiny on whether she testified truthfully about her legal work on an Arkansas land deal separate from Whitewater and about law firm billing records that mysteriously disappeared, only to resurface in the White House residence quarters.

Lawyers said that despite the expiration of the Arkansas grand jury, Mr. Starr can still use the evidence it gathered, either by presenting it to the grand jury in Washington or convening a new grand jury in Little Rock.

Mr. Starr's investigation can damage the president further, even if it produces no more criminal indictments. The independent counsel is required by law to report to Congress if he finds credible evidence that might prompt a president's impeachment. He is also required to write a final report of his findings, and is free to issue an interim report whenever he likes.

So, the White House has spent considerable time and energy seeking to delegitimize Mr. Starr as a politically motivated ideologue and a mercenary superlawyer.

"He's paid \$100,000 by the taxpayers, but he also gets to collect \$1 million plus from Big Tobacco and his other private clients," said Paul Begala, a White House aide and one of Mr. Clinton's most enthusiastic defenders.

"Why would he ever quit?"

The attacks have had some effect: Public esteem for Mr. Starr, as measured in polls, has sunk precipitously; and Republican members of Congress who once professed to hope for an early report from the prosecutor have fallen conspicuously silent.

But in recent weeks, Mr. Starr has reacted to White House attacks with an

unusual series of public statements of his own, insisting that he is merely following the law's dictates. And, for the first time, he has hired a full-time press spokesman, Charles Bakaly 3d, a Los Angeles lawyer and former Ronald Reagan aide.

Meanwhile, Mr. Clinton's private lawyer, David Kendall, accused Mr. Starr on Wednesday of leaking sealed information to the media and has asked the court to cite the prosecutor for contempt.

Mr. Kendall said Mr. Starr's office had revealed a judge's sealed ruling rejecting Mr. Clinton's use of executive privilege to allow two presidential aides to refuse to answer questions.

Mr. Bakaly denied the accusation as "categorically false."

The dispute about executive privilege could still slow Mr. Starr's investigation for months or even years, lawyers said.

In sealed motions, the White House reportedly has argued that officials cannot be compelled to testify about some of their conversations with either the president or Mrs. Clinton.

U.S. District Court Judge Norma Holloway Johnson, who is overseeing the Washington grand jury, ruled that the aides could not invoke executive privilege, a doctrine that protects official presidential business from judicial scrutiny.

The White House has not said whether it will appeal the ruling to higher courts. But presidential aides described the claim of executive privilege as a matter of deep principle, which seemed to imply that an appeal was probable.

The impasse over executive privilege is significant because it is slowing Mr. Starr's attempt to amass evidence about a possible White House-directed effort to silence Ms. Lewinsky.

The independent counsel has been trying to persuade Ms. Lewinsky to testify about such an effort. Some lawyers have suggested that he might even indict the 24-year-old former intern and threaten her with prison if she continues to balk.

Under those circumstances, members of Mr. Clinton's camp expect Ms. Lewinsky to testify, sooner or later — with results that could be damaging to the president.

Despite that prospect, Clinton aides insist that they are not deliberately waging a strategy of slowing Mr. Starr's investigation.

"It is in the president's interest to get this resolved," Mr. Begala said. "Justice delayed is justice denied."

Still, they say, they are operating under the premise that Mr. Starr will be part of their landscape for the rest of the Clinton presidency — and perhaps even later. Independent counsels are not required to stop when their targets leave office.

POLITICAL NOTES

Republicans Gain In Primary Voting

WASHINGTON — In the ground war to control the House, Republicans advanced a step this week, modestly strengthening their chances of retaking an Ohio congressional seat that neither party has held longer than one term in the 1990s.

And in Indiana, Republican primary voters picked a wild-card candidate on Tuesday to run against Representative Julia Carson, a potentially vulnerable Democrat in an Indianapolis district.

Her challenger will be Gary Hoffmeister, a wealthy jeweler with no election experience, who ran what Democrats concede was a tough, well-organized primary campaign that mobilized the Christian right and social conservatives.

With the Republicans holding an 11-seat House majority — the smallest in history — every inch gained or lost before Election Day, Nov. 3, counts.

Republicans in southeast Ohio succeeded in fending off the comeback bid of Frank Cremeans, a former representative who was considered so likely to lose in November that most of the state Republican establishment endorsed his opponent in the primary, Lieutenant Governor Nancy Hollister.

She is viewed as the strongest candidate to take on Representative Ted Strickland, a Democrat who was first elected in 1992 with 51 percent of the vote. Lost in 1994 to Mr. Cremeans with 49 percent and reclaimed the seat in 1996 with 51 percent.

In the Indiana Republican primary for the Senate, Paul Heinke, the mayor of Fort Wayne, defeated John Price, a social conservative, by 7,624 votes. (WP)

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New York Democrats Flailing as They Seek to Unseat D'Amato

By Blaine Harden
Washington Post Service

NEW YORK — The three Democrats who covet Senator Alfonse D'Amato's job came to a midtown business breakfast here this week to strut their credentials. They had hardly begun to preen when each was slapped with a deflating question: What makes you think you can bring home the bacon like Big Al?

As one questioner put it, "The people in this audience believe no one has delivered the way Al D'Amato has."

The contenders tried their best to denigrate the New York politician who answers to the name "Senator Pothole."

Bashing the incumbent, after all, is their essential task in what may well prove to be the most expensive and bruising of the Senate races this year. But, as the campaign begins to take shape, it is a task that is not getting easier.

For Mr. D'Amato, after a midterm swoon in his approval ratings, is gaining momentum in the polls, is campaigning with his usual manic energy and has as much cash on hand — \$10.6 million — as the three Democrats combined.

So how did the Democrats disrespect the Republican over breakfast?

Geraldine Ferraro, the front runner and former vice presidential nominee, said that while Mr. D'Amato could do only short-term constituent services, she could deliver long-term systemic solutions to such fundamental social ills as troubled public schools.

The New York City public advocate Mark Green, a tart-tongued debater who polls show has the strongest appeal among city Democrats, said that, like Mr. D'Amato, he is a can-do kind of guy.

Finally, Representative Charles Schumer, the veteran lawmaker from Brooklyn who leads his Democratic rivals in money raised but trails in the polls, scolded Mr. D'Amato for never writing big-time legislation.

"I think there is a desperate need in the Senate for legislators," he said.

Was Mr. D'Amato worried about any of this? Not a chance. At that moment he was in his Manhattan office doing what he does best: hammering away on an issue that makes him look like a champion of downtrodden New Yorkers and making sure that he gets the credit in the newspapers and on television.

The object of Mr. D'Amato's efforts was Estelle Sapir, whose father died in the Holocaust. Crowning his crusade to

force Swiss banks to return assets deposited by Jews fleeing Nazi Germany, the senator announced that the giant Swiss bank Credit Suisse had caved in, agreeing to pay Miss Sapir an undisclosed settlement for savings her father had deposited during World War II.

"Nobody should have to wait 55 years for justice," the senator thundered while posing for pictures with Miss Sapir. A grateful Miss Sapir looked at the beaming Mr. D'Amato and said, "The American people don't appreciate what they have in you."

Maybe so. But compared with what they thought of him two years ago (when his unfavorable ratings pushed 60 percent), New Yorkers, at least, are warming up to their junior senator. Beside the Swiss bank issue, Mr. D'Amato has won positive coverage for fighting for insurance benefits for women with breast cancer and for packing a transportation bill with money for New York.

Voters seem to have put aside what many viewed as bullying behavior by Mr. D'Amato when he was chairman of a Senate committee investigating Whitewater.

More solid than shifting poll numbers is Mr. D'Amato's position as a New

York power broker who funnels national party money to state and local candidates. He has led his party this decade as it has triumphed over the 3-to-2 edge Democrats hold over Republicans among registered voters. The senator commands a political machine that controls the governor's office, four of the state's highest cities (including New York) and 56 of the 62 county governments.

All this, however, does not mean that he is no longer vulnerable. His unfavorable ratings still hover around 50

percent, which means, according to the Republican political consultant Joseph Mercurio, that he "is still definitely swimming upstream."

Ms. Ferraro remains the odds-on favorite to win the Democratic nomination. But her early lead in the polls has faded, which could open up an expensive and bitterly contested Democratic primary, precisely what Mr. D'Amato wants.

"The race is still in play," Mr. Mercurio said, "but it is certainly moving in the right direction for D'Amato."

Gingrich Bends an Ear to Corn Growers

Washington Post Service

WASHINGTON — Wary of angering Midwestern corn growers in an election year, the House speaker, Representative Newt Gingrich, Republican of Georgia, has squelched a drive by the chairman of the Ways and Means Committee, Representative Bill Archer, Republican of Texas, to eliminate a \$600-million-a-year subsidy on the production of ethanol-based fuel.

The move was an extraordinary renege to a powerful chairman and loyal ally as well as a reversal of a recent decision by the House to allow the subsidy to expire in two years.

Mr. Gingrich sided Wednesday with the Senate and farm-state interests in continuing the tax break for the gasoline additive well into the next century.

The controversial but resilient program — a relic of the international oil crisis of the late 1970s — has been touted by its farm-state champions as crucial to reducing U.S. dependence on foreign oil and stimulating the farm economy. But Mr. Archer and scores of House critics have attacked the subsidy — which has cost the Treasury more than \$7 billion over the last 16 years — as the "poster child" for corporate welfare.

Ethanol has been a financial boon to corn farmers, the Archer Daniels Midland food conglomerate that produces half of it and the companies that produce gasohol, which competes with gasoline in the Midwest.

A General Accounting Office study last year concluded that ethanol has done little to reduce the flow of oil

imports or diminish air pollution. The House at the behest of Mr. Archer and the Ways and Means Committee voted last month to phase out the subsidy as part of its version of the highway and mass transit reauthorization bill.

Mr. Archer, one of the most influential politicians from a major oil producing state, had planned to carry on his fight as a member of the House-Senate conference committee that is negotiating a compromise highway bill.

While seniority dictated that Mr. Archer participate in the conference, Mr. Gingrich put off appointing him for nearly two weeks. On Wednesday, the speaker said he was willing to allow Mr. Archer his seat — but would stack the conference with two other pro-ethanol members who would side with the Senate.

Away From Politics

• An estimated 582,000 people moved to California last year, the second straight annual increase in the most populous state after a five-year decline. As of January, there are 33,252,000 California residents, the state Department of Finance said. Los Angeles remains the state's largest county, with 9.6 million residents. (AP)

• American drivers say in a poll that they favor installing cameras at intersections to take pictures of those who fail to stop. Pollster Lou Harris conducted the survey for Advocates for Highway and Auto Safety, an alliance of consumer, health, safety and insurance groups. By a margin of 65 percent to 30 percent, those polled said they favored use of cameras that snap pictures of red-light-running motorists. (AP)

• The daughter of a billionaire arms dealer says she acted in self-defense when she shot a professional polo player at her \$2.3 million estate near Warrenton, Virginia. But he was eating breakfast when he died and was not threatening her, a prosecutor said as the trial of Susan Cummings opened. Ms. Cummings is accused of shooting Roberto Villegas, her former lover, four times at close range on Sept. 7. (AP)

• A hospital in Gallup, New Mexico, closed a wing after mouse droppings were found in a ventilation duct, prompting fears they might carry a virus that has killed several people in the Southwest in recent years. Workers were trying to trap the mice. (AP)

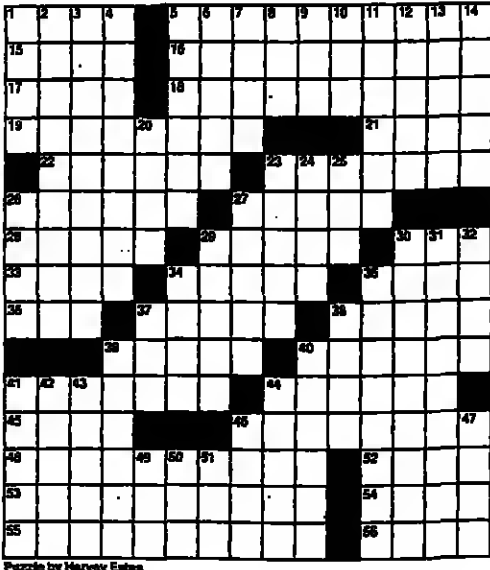
CROSSWORD

ACROSS

- 1 Wine holders
- 5 Tortoise shell, in a way?
- 15 Acreege
- 16 Remote place
- 17 Cut flower
- 18 Clerical
- 19 Genius
- 21 Word processor command
- 22 Nasty rumor
- 23 5-Across, e.g.
- 26 Some bits
- 27 Like the Abominable Snowman
- 28 Sole point
- 29 What thaddeus do
- 30 Sports org. to which the Kansas City Wizards belong
- 31 Like some candy
- 34 Supermarket section
- 35 Winter air
- 36 Triage sites, briefly
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- 38 Where Hawkway served
- 39 Eccentric
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- 2 Of joints
- 3 Archie and Jughead
- 4 Links legend
- 5 They're given the shaft?
- 6 Like Humphrey Dumpty
- 7 Beethoven's birthplace
- 8 Treasury Department div.
- 9 Livium
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- 11 Like chiming tuning
- 12 Nocturnal newborn
- 13 Opponent of Lee
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- 15 Froozy
- 16 Looked after
- 17 Ophidian sound
- 18 Afore
- 19 Grinder
- 20 Jobs for body shops
- 21 Authorized delays
- 22 Europeans' star
- 23 Send rolling in the aisles
- 24 First name in spydom
- 25 Teetotalers
- 26 License plate
- 27 Mustard family member
- 28 "Agnes Grey" author
- 29 Drive recklessly
- 30 Roman wrasse
- 31 Gay
- 32 Bikini, e.g.
- 33 Long campaign
- 34 Ore carrier
- 35 Soratines (out)
- 36 Crises of surprise
- 37 Do darts
- 38 Supportive argument



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FOR INVESTMENT INFORMATION
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INTERNATIONAL

Netanyahu 'Unlikely' to Meet Arafat

But U.S. Still Has Hopes For Washington Summit

Compiled by Our Staff From Dispatches

JERUSALEM — Prime Minister Benjamin Netanyahu is unlikely to attend a White House meeting on Monday with the Palestinian leader, Yasser Arafat, a Netanyahu adviser said Thursday.

The adviser, David Bar-Ilan, said it was "very unlikely" that Mr. Netanyahu would be going to Washington on Monday.

The United States, however, said Thursday that it remained hopeful that Mr. Netanyahu would be at the Washington meeting.

"We remain hopeful," said a State Department spokesman, James Foley.

"We believe the Israeli mind is still open, certainly, I don't believe we have heard the final word on that."

Mr. Netanyahu said on a CNN forum he did not yet know whether he would go to Washington for the meeting.

Mr. Bar-Ilan spoke as the U.S. envoy to the Middle East, Dennis Ross, made his way to Israel late Thursday in hopes of coaxing Mr. Netanyahu into a breakthrough peace deal with the Palestinians.

Mr. Arafat warned that a failure to break the protracted deadlock in the peace process would lead to instability in the region. Asked about the prospects of violence should peace talks fail, Mr. Arafat said in Gaza: "No doubt, complete confusion in the whole area. Not only in Palestine but the whole region."

The Palestinians insist they will only go to the talks if an agreement on the U.S. proposals for West Bank troop withdrawals by Israel is ready to sign. "We have accepted the U.S. invitation to come to Washington," said Nabil Abu Rudeina, a top Arafat aide. "But we are going in order to sign an agreement, not for more negotiations."

A U.S. official said Mr. Ross would arrive in Israel on Friday afternoon and would probably meet with Mr. Netanyahu.

The spokesman for Secretary of State Madeleine Albright, James Rubin, said in London that she "hopes these final days' discussions can make it possible for a meeting to occur in Washington next Monday based on acceptance of the American ideas that were discussed with Prime Minister Netanyahu and Chairman Arafat in London."

Asked what would happen if Mr. Netanyahu rejected the invitation, Mr. Rubin said: "We will re-examine the situation at that point."

Washington expects Israel to hand over 13 percent more of the West Bank, to Palestinian rule as part of a package to start talks on a final deal covering such tough issues as borders, Jerusalem, Jewish settlements and Palestinian refugees.

Israeli political sources said Mr. Netanyahu, under conflicting pressure from all sides — Washington, hard-liners in his cabinet, Palestinians and Israel's opposition — wanted more time to iron out details before going to a summit.

"We are optimistic about the possibility that the gaps will be bridged although it is difficult to imagine that in the very short time between now and Monday we will be able to achieve concrete results," Mr. Bar-Ilan said.

Mr. Netanyahu's cabinet colleagues have so far agreed to hand over only 9 percent of the West Bank land. They say security concerns prevent Israel from transferring any more land until a final peace deal is reached.

Mr. Netanyahu said Thursday that he was not yet ready to take the U.S. proposals to his cabinet for approval. "You can only persuade when you are convinced," he said when asked if he was ready to urge his coalition partners to accept the U.S. proposal.

(Reuters, AFP, AP)



Mariam Abadin, a 60-year-old Palestinian, expressing her anger Thursday that Israeli border guards were protecting Jewish settlers who occupied her house Wednesday in the Muslim quarter of Jerusalem's Old City. The settlers moved into the house after a Jewish seminarian was stabbed and killed while walking nearby.

Weakened, Kohl Says: 'Visionaries Are the Realists'

AVIGNON, France — Chancellor Helmut Kohl, attending what could be his last French-German summit meeting, looked beyond petty Paris-Bonn wrangling Thursday to remind his hosts that "visionaries are the true realists in history."

In a monologue sounding like a farewell address, the chancellor fielded questions on European unity while President Jacques Chirac, his adversary in a battle over the European Central Bank last weekend, sat listening with a strained smile.

Mr. Chirac's praise for Mr. Kohl, who he said had "profoundly marked the history of European integration," also sounded as if he did not expect to see him at the next summit meeting later this year.

Mr. Kohl, looking worn out after 16 years in office, trails far behind his Social Democratic challenger, Gerhard Schröder, in the opinion polls before Germany's general election in September.

The bank dispute, brought to a head because Mr. Chirac insisted his new president, Wim Duisenberg, make way in 2002 for the governor of the French central bank, Jean-Claude Trichet, may have been the final nail in the coffin for his re-election hopes, German commentators say.

"Governments come and go, but the peoples remain," Mr. Kohl mused in a monologue on French-German friendship at a news conference ending the meeting.

He said that anyone who, like himself, had promoted cooperation between the former enemies over the past half-century knew it had been a long and difficult path toward greater unity.

"But it has opened up a horizon for the future that seemed impossible back then," he went on. "It is good to recall in moments like this that visionaries were always the true realists in history."

Asked afterward if this was his last summit meeting, the never-say-die

campaigner re-emerged with a smile. "You've got used to seeing me and you're seeing new faces on your television screens," Mr. Kohl said, referring to the younger and more television-friendly Mr. Schröder. "I advise you to get even more used to seeing my face. I will come again."

Although he was sitting next to Mr. Chirac, Mr. Kohl's monologue sounded more like the philosophical discourses he used to hold with the former French president, Francois Mitterrand.

Mr. Mitterrand shared the chancellor's pro-European vision and played the game of mutual give and take far more subtly than the impulsive and more nationalist Mr. Chirac.

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Riots in Medan Subside

Indonesian City's Shops Remain Shuttered

By Cindy Shiner
Washington Post Service

MEDAN, Indonesia — Calm returned Thursday to Indonesia's third largest city after three days of looting and rioting provoked by price increases for fuel, transportation and electricity.

Metal shotters were drawn across the doors of most businesses. Rioters damaged more than 100 shops throughout the city this week, breaking windows and carrying away goods.

The words *pribumi* — native Indonesian — and Muslim were scrawled on the front of several stores. Most of the businesses targeted belong to ethnic Chinese, many of whom are Christian. Although Chinese make up only about 3 percent of the population in Indonesia, they are often targeted during times of political and economic turmoil because they control a majority of the retail economy.

Many Chinese have checked into hotels in the city or boarded planes out of town. A flight of their capital could further damage Indonesia's economy, which is already wracked by a decline of more than 70 percent in the value of the currency, mass unemployment,

stalled trade and bankrupt businesses. The violence "is not against the people, but their things," said Efendi Panaitan, who works with a nongovernmental organization in Medan.

Local reports said six people died in the unrest, including two who were shot by security forces and four who burned to death when their businesses were set on fire. But Defense Minister General Wiranto, who is also chief of the armed forces, said no one had died in the rioting.

Hospital administrators said they had been barred from talking to reporters. Local human rights workers said they had no reports of deaths, but said more than 400 people had been detained by security forces since April 23. Nearly 50 were still in detention, they said.

Many of those arrested were students, who have been staging demonstrations here for the past two weeks. The protests have often turned violent as security forces tried to prevent them from taking demonstrations off campus and into the streets. Two universities were closed in Medan on Monday night after the government announced that it was raising prices on fuel, transportation and electricity as part of a measure to lift subsidies to comply with the terms of a bailout by the International Monetary Fund.

Student demonstrations, however, have been held in cities across the country for more than two months; and there are increasing calls for President Suharto to step down.

General Wiranto told reporters in the capital, Jakarta, that the military supported reform but that the "moral action" of students should be directed toward more productive activities. He also called for "stern action" to deal with the rioting, which has spread to other communities near Medan.

The violence has had a profound impact on regional markets, despite positive signs that the government is following through with economic reforms as part of its agreement with the IMF.

The dollar rose to 10,000 rupiah on Thursday. It was the local currency's lowest level in two months. The dollar dropped back to 9,500 rupiah at the close in Asia.

BRIEFLY

Baghdad Claims To Snub Bomb Offer

BAGHDAD — Iraq said Thursday that it turned down an offer of help to build a nuclear bomb with Pakistani expertise and then reported the matter to the world's nuclear watchdog organization.

A spokesman for Iraq's culture and information minister said the offer was made by a Greek intermediary, who asked Iraq if it would like an introduction to a Pakistani scientist who could help it build a nuclear bomb.

The spokesman said Iraq rejected the overture as "an intelligence trick" and informed the International Atomic Energy Agency of the offer.

The Vienna-based agency said it was investigating an internal Iraqi note implying that Pakistan may have offered to help Baghdad build a nuclear bomb.

"The implication is clear," an agency spokesman, David Kyd, said. "It was only a feeler put out to see if there was interest on the Iraqi side."

Mr. Kyd added that Pakistan has said there was nothing to the allegation. (Reuters)

In Khartoum, Deal Gets Chilly Review

KHARTOUM, Sudan — A partial agreement reached by the Sudanese government and southern rebels at peace talks in Kenya won a less-than-enthusiastic reception in Khartoum on Thursday. After two days of talks that ended in Nairobi on Wednesday, the Islamic government and rebels of the Sudan People's Liberation Army agreed to an internationally supervised vote on self-determination for the south. But they disagreed on the region's boundaries and the issue of religion and state.

Amin Omar Imam, a member of Parliament, said it was a waste of time for the government to talk to the rebels, who are led by Colonel John Garang. Foreign Minister Mustafa Osman Ismail of Sudan said in Nairobi that the government was committed to a referendum on self-determination in southern Sudan. (Reuters)

Torrential Rains Cripple Paraguay

GENEVA — Heavy flooding caused by torrential rains has forced about 75,000 people from their homes in Paraguay and has spread to the southern part of the country, the United Nations said Thursday.

The most critical situation is in Pilar, a town of 25,000 in Neembucu Province, where the Parana River is running eight meters (26.4 feet) above its normal level and is expected to continue rising, the UN Office for the Coordination of Humanitarian Affairs said.

Weather patterns have been blamed for unleashing the worst storms of the century across Latin America in recent months. (Reuters)

INDONESIA:

Support for Students

Continued from Page 1

tures. We need a moral reform, too." Their movement may lack clearly discernible leaders, but in the two months since the protests began, the students have surprised the skeptics with the sophistication of their demands, their staying power, and their ability to elicit sympathy from faculty and the broader Indonesian population disillusioned by the country's economic collapse.

What is less certain at this stage is whether this campus-based protest movement represents the beginnings of a broad "People Power" movement of the type that toppled the longtime dictator Ferdinand Marcos of the Philippines — and that ultimately may bring down President Suharto and his 32-year-old New Order regime. New Order refers to the governing system, which views economic development as the nation's priority and restricts many political freedoms.

"We're in a new phase in Indonesian politics," a Western diplomat said. "It's clear that the legitimacy of the regime is under challenge."

"It's the first phase of a situation that's not the same as any other period in the New Order," the diplomat added.

One thing that is clear is that the students enjoy widespread sympathy from the general public, even if few have so far seem willing to join their protests.

"Ask anyone off-the-record, and they will tell you where their hearts lay," said Wimar Wiratna, a businessman, government critic, and former campus activist from Bandung in the 1960s. "But ask them to do something about it, and they will say, 'Let me think about it.'"

The student movement will be like an earthquake that will jar loose some alliances, some loyalties," he added.

"I believe that change can be achieved almost by the force of public opinion, if it is joined by market forces," Mr. Wimar said. "There is a confidence between what the students don't like and what the markets don't like."

For the moment, many seem to share the view of a 39-year-old bus driver named Daraslam, who is upset over the 70 percent increase in fuel prices this week — but not willing to take to the streets in protest. "We already have our representatives — the students across the street," he said, pointing to the nearby Trisakti University across an expansive highway.

Raswan Suryana, a leader of an unregistered labor union known by the Indonesian acronym SPSI, had this to say: "We agree with what the students are demonstrating for, and we will support them from behind." He said "only a few people are brave enough" to demonstrate, adding that "many ordinary people can be very frightened by the news of kidnappings and torture of students."

The students at this stage seem undeterred by the reluctance of others to join in — even as they voice the concerns of the movement "soiled" either by the possibility of violence, or being taken over by those with a distinct political agenda.

"We're really just trying to restrict it to the students from the University of Indonesia," "Once you get other factions coming in, be they liberals or socialists or whatever, that's when it gets chaotic."

"If things don't change," the medical student added, "it could become another People Power, because there's a lot of hardship now. But that's when things could really get chaotic."

Washington Cr Deployment in

Regrade Is 'Radicalizing' Local

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — The Clinton administration has sharply criticized the Philippine government for undertaking a "radical" deployment of troops to the border with the Muslim separatist group Abu Sayyaf.

The State Department said the move was "a dangerous provocation" that could "radicalize" the local population and "lead to a breakdown in the peace process."

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ISRAEL: Mrs. Clinton Sparks a Storm

Continued from Page 1

ing, President Bill Clinton was to speak late Thursday to a national Arab-American conference, possibly the first such appearance by a sitting president.

The administration has proposed that Israel withdraw from 13.1 percent of the occupied West Bank as a condition for opening the peace talks in Washington after sessions in London this week.

Newt Gingrich, the Republican speaker of the House, objected strenuously to the U.S. condition.

"Now it's become the Clinton administration and Arafat against Israel," he said Wednesday.

"Israel must be able to decide her own security needs," he said in a letter to Mr. Clinton, "and set her own conditions for negotiations without facing coercion from the U.S."

Another letter to Mr. Clinton that was signed by more than half the House's 435 members said that to pressure American requirements publicly "can only undermine Israel's confidence" in the peace process.

Mr. Clinton denied that he was pressuring Israel unfairly, saying that his goal was the same as Mr. Netanyahu's: to expedite movement toward final-status talks.

"There is no way in the world that I could impose an agreement on them or dictate their security to them, even if I wished to do that, which I don't," he said.

Administration spokesmen at several levels sought Thursday to cast the first lady's comments as purely personal.

"She responds in a human, personal way when people express frustration," said the president's spokesman, Michael McCurry. "At the same time the pres-

ident is very precise in the way in which he addresses issues that are fundamentally important to the Middle East peace process."

Palestinian officials embraced Mrs. Clinton's statement.

Ahmed Abdel Rahman, an aide to the Palestinian leader Yasser Arafat, described it as "a sign of the growing understanding by the American people of the Palestinian cause despite Israeli propaganda."

He told Agence France-Presse that he hoped her stance "becomes an official policy of the American administration."

The president's appearance before the Arab American Institute on Thursday night was planned long ago. A White House spokesman said that Mr. Clinton would make "an outreach speech," breaking no foreign policy ground.

James Zogby, president of the institute, said the appearance was a first because President George Bush had met with a local but not a national Arab-American group.

He said that Mr. Clinton's presence carried a ringing message of acceptance of Arab-Americans.

"The message is, we're part of American politics — a respected, included community."

In the Mideast peace talks, the Clinton administration's patience has grown short because of what it sees as the inflexibility of the Netanyahu government.

Mr. Clinton, nonetheless, maintains strong support among many American Jews, who are divided over Mr. Netanyahu.



Prime Minister Benjamin Netanyahu, at a meeting Thursday of the Knesset foreign affairs committee.

Christians and Jews. "Their investment in the Democratic Party and in Clinton are just too strong."

U.S. Jewish Groups Are Upset

U.S. Jewish organizations swiftly denounced the statehood comments by Mrs. Clinton. Agence France-Presse reported from Washington.

Malcolm Hoenlein of the Conference of Presidents of Major Jewish Organizations called the remarks "particularly disturbing at this time." The group represents some 50 Jewish associations in the United States.

Politicians from New York also reacted quickly.

Senator Alfonse D'Amato, a Republican, called the first lady's comments "simply wrong" while Representative Charles Schumer, a Democratic candidate for Mr. D'Amato's seat, said he was "vexed and disturbed."

EUROPE

Washington Criticizes Deployment in Kosovo

Belgrade Is 'Radicalizing' Locals, Envoy Says

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — The Clinton administration has sharply criticized the Yugoslav government for undertaking what a senior official described as a "large-scale" deployment of infantry, tanks and artillery near the country's southern border with Albania, calling it a "dangerous provocation" that could inflame regional tensions.

U.S. officials said the border deployment amounted to a roughly battalion-sized military force and described it as just one part of a substantial recent influx of additional security personnel

and regular army troops from Serbia into the southern province of Kosovo. Home to roughly 2 million people, Kosovo has been the site of rising tensions and sporadic violent clashes between Serbian security forces and its 90 percent population of ethnic Albanians, who almost universally favor the creation of an independent state.

President Bill Clinton's special representative for the Balkans, Robert Gelbard, painted a grim picture Wednesday of conditions in the province and reiterated the U.S. warning that the tensions could destabilize both Albania and neighboring Macedonia if the dispute was not settled soon through political negotiation.

"The heavy-handed resort to force and atrocities rather than dialogue" by Belgrade is producing "increased radicalization" in Kosovo, Mr. Gelbard said, adding that Serbian and ethnic Albanian extremists were both becoming more numerous and influential.

The Serb special police, or paramilitary units, in Kosovo have tripled in size in the past two months, he said.

"This is a substantial escalation in light of the signal it sends: that Belgrade is prepared to use the full force of the military against its own citizens," he said.

Mr. Gelbard added that the harsh crackdown had so angered Kosovars that thousands had joined the ranks of guerrillas fighting for the province's independence. "We've seen a huge increase in terms of people, weapons and money flowing in," he said.

Mr. Gelbard, who spoke during an appearance before the Senate Foreign Relations subcommittee on Europe, said that although Yugoslavia had a legitimate right to defend its borders, its avowed aim of stopping the smuggling of arms by small groups of ethnic Albanian extremists in remote mountain passes "does not track with the large-scale deployment of tanks and artillery."

He added that Washington and its allies had told Belgrade "in no uncertain terms" not to stage military operations on Albanian or Macedonian territory. But neither Mr. Gelbard nor other U.S. officials have specified what the consequences would be.

Milosevic Said to Pick Mediator

Former Prime Minister Felipe Gonzalez of Spain will visit Brussels on Friday as diplomatic sources quoted Western officials as saying he might be able to announce that the Yugoslav president, Slobodan Milosevic, had accepted him as a mediator in the Kosovo crisis, ending opposition to outside intervention, Reuters reported.

EU Pact Clears Its First Barrier In Danish Vote

Reuters

COPENHAGEN — Parliament formally ratified the European Union's Amsterdam treaty on Thursday, but Denmark's final seal of approval depends on the outcome of a national referendum on May 28.

The single-chamber house voted 92 to 22 in favor of the treaty, which opens the door for EU enlargement eastward and a common policy on refugees and asylum. It must be ratified by all EU members to take effect.

Opinion polls for the referendum have put Danish support for the treaty at around 50 percent, while opponents have tended to score around 30 percent.

With a fifth of voters undecided, political analysts say the outcome is not certain, although most expect approval.

Parliament Votes End of Strike

The Danish Parliament adopted a government proposal on Thursday night to end the country's biggest strike in 13 years, Reuters reported. The strike had crippled industry and transport, drained gasoline stations and reduced hospital emergency operations.

The Parliament passed the bill by a vote of 95 to 12, with 10 abstentions. Most of the 450,000 people on strike or locked out since April 27 are back at work by Monday.

Weekend shift workers, as well as some bus and truck drivers, could be working as early as Friday, which is a public holiday in Denmark.



With relief workers watching, a woman dug through the remains of her house in Sarno, Italy, on Thursday, looking for relatives.

Death Toll at 54 In Italian Slides

Reuters

SARNO, Italy — Thousands of rescuers and soldiers scoured villages in the Campania region of southern Italy on Thursday in a desperate search for about 100 people missing after mudslides turned into rivers of death, killing at least 54 people.

"Unfortunately, as the hours pass, hopes of finding any of the missing still alive are fading," Andrea Todisco, an official of the Interior Ministry's civil protection agency, said.

Many children were feared to be among the dead and missing.

Around 1,500 people have been left homeless in the hard-hit region south and east of Naples and have been evacuated.

Damage was estimated at hundreds of millions of dollars.

The mudslides are one of the worst natural disasters to hit Italy in years and come just months after three strong earthquakes killed 11 people and left more than 1,000 homeless in the central region of Umbria.

Pope John Paul II described the mudslides as a "shocking disaster" and said he was praying for the injured and the families of the dead and missing.

Days of torrential rain swept mud and topsoil off mountains and hills in the areas affected and combined to create a fast-flowing wave of mud, which some locals have described as similar to lava flows.

In one case Wednesday, black tides of mud gushed down a mountainside, smashing through the back of the Villa Malta hospital and oozing through the doors and windows. Some patients escaped by climbing down sheets tied to balconies.

After digging through with their hands, rescue workers managed to get inside a window and pull out the bodies of two doctors, a nurse, a doorman and a patient.

Russia Bristles at NASA's Criticism

Reuters

MOSCOW — A Russian official criticized as "regrettable and unpleasant" on Thursday comments by the head of NASA about Russia's role in building a new International Space Station.

The National Aeronautics and Space Administration chief, Daniel Goldin, told Congress on Wednesday that he had made a mistake in letting Russia build the service module for the station, where the astronauts would live.

The project, which has cost more than \$20 billion, is running well behind schedule.

The International Space Station brings together the United States, Russia, Canada, Japan and various European states in an ambitious program to keep humans permanently orbiting in space.

A Russian official said last week that

the launching of the new station's first section would be put back from June until autumn because of Russian delays in completing the service module. The service module is now set to be launched in the spring of 1999, a year behind schedule.

Mr. Goldin told the House of Representatives Science Committee that he wished, with hindsight, that the United States had built it. "We did not, and I accept responsibility and accountability for that."

Economic turmoil in Russia has left its space agency underfunded. Mr. Goldin said that it had received only \$8 million of \$340 million it needs this year from the government for its commitments.

But Alexei Krasnov, the Russia Space Agency's deputy head of international cooperation, said Moscow would overcome its financial woes and

become a valuable player in the International Space Station, which is expected to stay in orbit for decades.

"Within a year or even less, three modules will be in orbit and then few will recall these problems," he said.

In his statement to the congressional committee, Mr. Goldin said Russian participation was still clearly a net gain for the United States.

"Our confidence in Russian technical capability remains unshaken," he said. "The issue is uncertainty in Russian government funding for ISS."

A Russian government spokesman declined to comment on Thursday, but a Foreign Ministry spokesman, Valeri Nesterushkin, said international cooperation was essential for future space missions, adding that Russian now faces "a temporary problem which we can get over together through joint efforts."

BRIEFLY

Suspected Killer Of 8 Held in Italy

ROME — Paramilitary police men arrested a man with a history of psychiatric problems as the suspected killer of two women who were shot in train toilets last month and six other victims, Italian news reports said Thursday.

The police said Donato Bilancia, 47, who had a criminal record for car theft, was tailed by investigators for 10 days after a stolen car turned up that matched the description of the small car into which one of the victims, a Nigerian prostitute, was seen entering the night she was murdered, the ANSA news agency reported from Genoa.

The man was arrested Wednesday as he returned to his home in Genoa, near the area of northwest Italy where four other prostitutes were murdered.

The deaths of two security guards were also linked to the slayings. (AP)

Dutch Parties Face Coalition Haggling

AMSTERDAM — Dutch politicians faced tough negotiations to form a government on Thursday after a general election that bolstered Prime Minister Wim Kok of the Labor Party and his Liberal coalition partner.

Both parties sought to team up again with the centrist Democrats 66, the third member of the outgoing coalition, even though it lost nearly half of its seats in Wednesday's vote.

The Democrats 66 leader, Els Borst, acting health minister, has made it clear she will demand a high price for her party's cooperation. She seeks three ministerial posts, one more than her party's showing should allow. (Reuters)

Spaniard Fined For Harassment

MADRID — A court in Barcelona has handed down the country's first conviction in a sexual harassment case, authorities said.

The court on Wednesday found Jose Luis Balaguer, chief of security for a shopping center, guilty of making unwanted sexual advances to a female subordinate and ordered him to pay about \$5,000 in fines and compensation, according to court spokeswoman. (Reuters)

Estrada Acts to Assure Business in Philippines

He Vows to Name Banker as Economic Aide

Compiled by Our Staff From Dispatches

MANILA — Vice President Joseph Estrada, who opinion polls say will win a landslide victory in the presidential election in the Philippines on Monday, tried Thursday to reassure a nervous business community by saying that he would name a banker to lead his economic team if he wins.

With 33 percent in the latest polls, Mr. Estrada has more than double the support of any other of the 11 rivals fighting to succeed President Fidel Ramos.

"We're pulling ahead," Mr. Estrada said at a news conference at the Philippine Stock Exchange. "I think it's all over but the counting."

He announced that he would select as his finance secretary Edgardo Espiritu, a banker and one of the few prominent businessmen to support him.

Mr. Ramos, who must retire after a single six-year term, warned Mr. Estrada not to celebrate until the official election results were known. Counting is expected to take about two weeks.

"I just hope that they are not imagining or anticipating because after all the more prudent and decent approach is to just wait for the results," the president said.

Since elections for the two top posts are held separately, Mr. Estrada, a 61-year-old former movie actor, is Mr. Ramos's vice president although he is in the opposition camp.

Jose de Venecia, who is backed for president by Mr. Ramos, was second in the latest poll with 15 percent support among voters.

The survey, conducted by the respected Social Weather Stations, said that two independent candidates, Senator Raul Roco and Emilio Osmena, were tied for third with 11 percent. Nine percent of respondents were undecided and 26 percent said they could still "easily" change their minds.

At the stock exchange, Mr. Estrada met with brokers who, wary of his lack of economic background, said in a recent survey that he was almost at the bottom of their list of presidential favorites.

The market remained weighed down on Thursday by concerns over the political tension in Indonesia as well as the outcome of the election here. The Manila composite stock index closed down 21.16 points, or 0.96 percent, at 2,189.97.

The index was hurt by a sharp morning plunge in the peso to a three-month

low of 42 to the dollar.

The currency recovered to close at 39.86 as traders bought cheaply, feeling that the fall was overdue, given reasonable economic fundamentals in the Philippines compared to some Asian countries.

Even so, the central bank was prompted to issue a warning that it was ready to act against future speculative pressure.

Although members of the business community have expressed concern about an Estrada victory, some are getting used to the idea.

"People are now willing to wait and see if he will pursue the policies that Ramos has started," said Freddie Reyes, a trader at Citisecurities.

"There's some potential there. People will just wait and see what will happen once he becomes elected."

Under Mr. Ramos, the Philippines achieve sustained economic growth and political stability.

"Our administration is committed to free trade and to free market institutions," Mr. Estrada said. "But of course, our dedication to the poor and helpless will be unwavering."

He has said that among his highest priorities will be increased confidence by the business community, especially foreign investors, and lower interest rates.

With Mr. Estrada far in the lead, politicians and watchdog groups were warning Filipinos to be wary of widespread vote tampering. The government's national election commission has already taken away local control of voting in one province, 7 legislative districts and 34 municipalities to minimize cheating and violence.

The country is no stranger to election fraud. In the 1986 presidential elections, massive "vote-tampering" led to a "people power" revolt that toppled the dictator Ferdinand Marcos.

And in the 1992 election, Miriam Defensor-Sandago, who led in the vote counting for several days, filed a protest against Mr. Ramos, accusing him of cheating. The suit was later thrown out on a technicality.

Votes are counted by hand and the results must be carried to Manila from the country's 7,000 islands. The winner is officially announced by Congress several weeks after the election, leaving many opportunities for cheating.

Several of the 11 presidential candidates have warned of a new uprising if massive cheating and fraud occur in this election. (Reuters, AFP)



Japanese teenagers crying in Tokyo on Thursday at the funeral of Mr. Matsumoto, who committed suicide.

Bishop Kills Self in Pakistan Protest

Compiled by Our Staff From Dispatches

ISLAMABAD — A Roman Catholic bishop who was a prominent human rights campaigner in Pakistan fatally shot himself to protest a death sentence against a Christian for blaspheming Islam, a church official said Thursday.

Bishop John Joseph, chairman of a human rights commission established by the Catholic Bishops Conference of Pakistan, shot himself in the head Wednesday with a pistol in the corridors of the courthouse where Ayub Masih, a Catholic, was convicted and sentenced to death on April 27.

"It is extremely sad that his decision has taken away the best of the best from the human rights movement in Pakistan, but his message comes through very clearly," said Peter Jacob, a spokesman for the Catholic Church of Pakistan.

I. A. Rehman, director of the Human Rights Commission of Pakistan, said Bishop Joseph was distraught over the verdict against Mr. Masih and the way the trial had been conducted.

Last month, the bishop threatened to protest in an "astonishing" way unless the government repealed the death sentence.

Hundreds of Christians gathered Wednesday night outside the court-

house in Sahiwal, 650-kilometers (400 miles) south of Islamabad, where Bishop Joseph had shot himself earlier, Mr. Jacob said.

The 66-year-old bishop traveled to Sahiwal on Wednesday afternoon where he addressed a prayer meeting for Mr. Masih and met members of the condemned man's family, Mr. Jacob said. The bishop said the charges against Mr. Masih were false and concocted to force 15 Christian families to drop a local land dispute.

He later asked the parish priest, Father Yaqub, to accompany him to the courthouse. When they arrived, he asked Father Yaqub to stay back and went into a dark corridor where he shot himself, Mr. Jacob said.

Bishop Joseph's body has been taken to his home village near Faisalabad, 190 kilometers north of Sahiwal, for burial on Friday.

He was appointed head of the diocese of Faisalabad, near Lahore, in 1981.

He twice went on hunger strikes as part of nationwide protests by the Christian community. In 1992, he protested the inclusion of religion on national identity cards that he said could lead to religious discrimination. Two years later, he protested the murder by Islamic extremists of a Christian who was on trial for blasphemy.

Mr. Masih, 25, remains in jail pending appeal. He was convicted of speaking favorably of Salman Rushdie, the British author who is under a death penalty by Iranian religious leaders for allegedly making blasphemous comments about the Prophet Mohammed in his book "The Satanic Verses."

Noting that Mr. Masih had been accused by a Muslim man, Bishop Joseph maintained that the case was essentially one man's word against another's. He alleged that the judge gave twice as much weight to the accuser's charges because he was a Muslim.

Bishop Joseph, in a letter to the Dawn newspaper published Thursday, urged fellow Christians, Muslims and minority groups to protest Pakistan's blasphemy laws.

Pakistani law requires death for anyone who defiles the Prophet's name. Critics contend that the vaguely worded law is often misused by religious zealots against religious minorities.

Several Christians have been sentenced to death, but those convictions were overturned by higher courts.

About 2 million Pakistanis are Christian, amounting to 1.6 percent of the population of 140 million, mostly Muslims. (AP, Reuters)

Japanese Teens Mob Streets to Grieve Pop Star

By Mary Jordan
Washington Post Service

TOKYO — Thousands of teenage fans wept, screamed, and fainted Thursday as they mobbed the streets near the funeral of a popular rock star who had killed himself. Forty-four of them were treated in hospitals.

Young fans clutched flowers and each other as police restrained them outside the memorial service for Hideto Matsumoto, 33, guitarist of the rock band X Japan who was known as Hyde.

Mr. Matsumoto, unknown to parents but famous among teenagers, colored his hair bright red and yellow and wore it straight up in the air.

Many of the mourners had also colored their hair, an increasingly popular trend in a country where just about everybody has dark hair and many schools forbid even the slightest tinting.

After two teenage girls distraught over the rock star's death tried to kill themselves this week, the remaining four members of the band held a press conference to plead with fans to "remain strong." One of the girls, who jumped off a bridge wearing a T-shirt bearing Mr. Matsumoto's name, remains in a coma. The other, a 14-year-old who tried to hang herself in the same fashion as the star, died Thursday from her injuries.

Her parents said she had been in shock from the guitarist's death.

In addition, a van carrying five male fans crashed Thursday, killing a 22-year-old who was traveling across Japan at 4 A.M. to attend the funeral in Tokyo.

Estimates of the crowd Thursday around the Honganji Temple near the famous Tsukiji fish market ran from 20,000 to 50,000. Scores of police officers — who had no idea who Mr. Matsumoto was — were called to the scene to control the wailing and fainting fans. Television shows were filled with Mr. Matsumoto's music and shots of the carpet of flowers laid out by fans.

Youths were constantly being asked by TV interviewers to explain to parents and older people the impact of this musician's suicide.

A teenage girl told NHK news: "When I was in trouble in my life, I listened to his music and it encouraged me and gave me strength." Another teenager in the line of mourners that stretched far more than a mile around the temple said Hyde may have looked like a troublesome rebel to the general public, "but he had a warm heart and he looked like reliable older brother to me."

OPINION/LETTERS

Clinton and the Fudge Factor

By Michael Kelly

WASHINGTON — Every so often in Washington, a moment comes up, often unexpectedly and accidentally, that reveals a large truth previously hidden in plain sight. One such occurred on April 27, when Elaine Sciolino, a reporter for The New York Times, intrepidly got herself into the Roosevelt Room at the White House with 60 evangelical Christian ministers.

The evangelicals had come to listen to Samuel Berger, the national security adviser, ask them not to support the Wolf-Specter bill, which calls for the United States to sanction nations that countenance the violent persecution of religious believers.

After Mr. Berger had made his pitch, the president arrived to add a brief addendum. Bill Clinton did not know that a reporter was in the room, and his remarks in urging nonsupport for the human rights legislation were, as Ms. Sciolino later wrote, with a nice understatement, "unusually frank" (IHT, April 29).

"What always happens if you have automatic sanctions legislation is it puts enormous pressure on whoever is in the executive branch to fudge an evaluation of the facts of what is going on," Mr. Clinton said. "And that's not what you want. What you want is

consequence of a serious nature. Increasingly, American foreign policy is predicated on lying, and everyone knows it, and this knowledge is breeding contempt for honest dealing in U.S. foreign policy matters at home and abroad.

The phenomenon is the result of a cyclical effect. Sanctions laws, which feature periodic reviews and automatic punishments against nations that act against particular American interests or values, are intentionally blunt instruments, designed to force the executive branch to take tough actions whether it wants to or not.

They are essentially expressions of legislative mistrust, and the more a Congress does not trust a particular president to share its values and fulfill its wishes, the more sanctions laws proliferate. This Congress, which profoundly mistrusts this president, wields sanctions laws with increasing abandon in areas ranging from nuclear proliferation to drug trafficking to human rights.

But this administration does not believe in sanctions. It believes in better living through talking, and it believes that making nice gets you farther than getting tough, and it believes that the business of America is business and it believes, most devoutly, that the business of businesses that contribute to the president and his party is the president's own very particular business.

It does not believe that honesty is always, or even very often, the best policy. So the more Congress employs sanctions laws, the more the administration responds by what the president calls fudging: refusing to admit the realities that would trigger sanctions. And this, of course, gives Congress ever more reason to mistrust, leading to more sanctions laws, leading to more fudging.

This cycle of dishonesty is corrupting grave issues of national security, most seriously in the proliferation of weapons of mass destruction, in which there is currently a bull market. Rather than trigger sanctions, the administration says that Russia and China are cooperating with U.S. efforts to halt the spread of nuclear arms and missile systems to regimes hostile to U.S. interests. In truth, the White House knows that this is not so.

Last month the administration declared that some 20 Russian government agencies may be assisting Iran's missile programs — assistance that has helped Iran develop an intermediate missile, the Shahab-3, that can reach Israel and can carry chemical and biological warheads — but stopped short of declaring that the agencies were doing so because that would trigger sanctions. Russia gave no discernible sign of concern.

As for China, America's new "strategic partner," U.S. intelligence has ample evidence that Beijing continues to support Iran's and Pakistan's missile programs.

Last month the State Department launched an investigation of whether China had provided the technology for Pakistan's new missile, which has a range of 900 miles (1,450 kilometers). Such help would violate the terms of the anti-proliferation Missile Technology Control Regime, which China has committed to abide by (but which, significantly, it recently refused a U.S. overture to formally join), and would trigger sanctions.

But the ranch that the State Department investigation finds nothing but fudge.

The writer, a senior writer for the National Journal, contributed this column to The Washington Post.



"Not to worry — we're just doing some expanding."

LETTERS TO THE EDITOR

Why the Euro?

Regarding "Does the Euro Spell End of Dollar's Domination?" (April 29):

The larger and more important question that should be posed is "Why the euro?"

When one considers that Europe has enjoyed more than 50 years of peace and prosperity, the question of why one would want to upset the applecart is of more than passing interest.

At the heart of the euro question, as the article implied, is the political issue of contesting American power and perceived dominance, including the very real dominance of the U.S. dollar as the world reserve currency.

Americans have little interest in the issue because Americans have little interest in domination. America may wield great influ-

ence, but "domination" is not the appropriate term.

While the last 50 years may have been tumultuous in some ways and places, for Europe this has been a half-century of unprecedented peace and prosperity. Europe has enjoyed the protection of American military power via NATO. It also has enjoyed a special trade status with America, which continues to give Europe access to the vast U.S. market at favorable terms.

Europeans have been largely left to develop their economic power while America has borne the largest part of the military burden, spending trillions of dollars on worldwide defense.

Endless lines of white tombstones stretching across Europe bear witness to the commitment to peace and prosperity that Americans have made to Europe. Con-

sidering this enormous sacrifice of blood and treasure, it is strange and inexplicable that America is increasingly viewed by some European leaders as almost an adversary.

There is no question that Europe will have a single currency. While it may or may not be a good economic idea to unite the currencies of so many diverse economies and nations, at its heart monetary union is a political idea. That is unfortunate since it increases the likelihood that monetary union will turn out to be an economic disaster.

Americans should be watching this enormously important development with more than a passing interest — not for fear of losing "dominance" but because the success of the past half-century may well now be at risk.

ROGER L. MARKLEY,
Rignat, France.

Names and White Crosses
On a Green Spring Lawn

By Kyle Jarrard

SURESNE, France — You go there early on a spring morning, cross through the open gate and stroll out on the broad wet grass. To one side, two men push lawn mowers up and down the hill, and the low buzz of their machines blends with

the graves, the only ones here, but there is no other hint of where or when the men died.

Farther on, more names, as birds sing in the newly flush trees: Sergeant Clayton Griswold, Utah, Oct. 20, 1918; Private Henry Oleske, Pennsylvania, Feb. 7, 1919, and under a Star of David, Corporal Samuel Greenstein, New Jersey, Jan. 15, 1919.

At the far edge, Marian Henrietta White, Pennsylvania, Oct. 3, 1918 — a nurse. Had she had time to become someone's mother? There are no ages on any of the graves here, but you know most were young.

Then and again the eye stops a second longer as you pass the marker of an unknown, or of a civilian, Salvador de Vegara, Spain, Feb. 11, 1919, for one.

There is no end to names: Private Henry Isaacs, South Carolina, Sept. 20, 1918; Seaman Claude Baker, Tennessee, Dec. 3, 1917, and Private Samuel Rosen-garten, New York, Nov. 8, 1918. Each somehow sounds like no other name. Each rises for a moment — not on the battlefield, not even in uniform — but in his other life, before all this, at a dining table with family, or walking with a brother in a field where no bullets fly, or standing on the beach and breathing in the salty air and thinking of the size of the world.

So long as you look these names straight in the face, as it were, each remains unique. For when you turn and walk behind them, all become anonymous. Cut at an angle across the hill and the strict work of geometry is clear, patterns that mimic the necessary orderliness of military life — even in death.

But it is some undefinable other thing that makes you see that these lines of markers don't end at cemetery's edge, that they stretch away from this quiet suburb of Paris and back through time, through all the men and women who fell in wars, making strong, human lines of remembrance and honor and gratitude.

For an hour, maybe, you say the names. Then you return to the real world, clipped grass stuck on your shoes, noticing straight away how you can't hear any birds singing outside the gates unless you really try. And then you can.

International Herald Tribune

Increasingly,
American foreign
policy is predicated
on lying, and
everyone knows it.

to leave the president some flexibility, including the ability to impose sanctions — some flexibility with a range of appropriate reactions.

He later added that sanctioning legislation created "an enormous amount of pressure in the bowels of the bureaucracy to fudge the finding."

Ms. Sciolino noted that Mr. Clinton did not say whether the administration had ever "fudged" facts to avoid imposing sanctions. But he did not have to.

For what the president hinted at in that room — and what he never intended to be aired outside that room — was an obvious truth. The growing use by Congress of sanctions laws has combined with the casual Clintonian attitude toward honesty to create an unintended



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A Spruced-Up Lisbon Gets Ready to Launch Expo '98

By Marvyn Howe

LISBON — In honor of that intrepid seafarer Vasco da Gama and his journey to India 500 years ago, the Portuguese have organized celebrations the likes of which have never been seen in this onetime imperial capital. On May 22, Lisbon opens the gates to Expo '98, with a record participation of about 150 countries and the theme "The Oceans, a Heritage for the Future."

During Expo's four-month run, visitors can discover the beauty, riches and challenges of the seas through scores of exhibits. There will also be nautical competitions, daily multimedia shows, live entertainment and food from around the world.

The industrial wasteland on Lisbon's eastern side is being replaced with new residences and businesses and, of course, Expo — 150-acre (60-hectare) fairgrounds with international exhibits, a riverside esplanade, exotic gardens and a panoramic cable car along five kilometers (three miles) of riverfront. To avoid a post-Expo ghost town, the main pavilions will be turned into cultural sites, like an aquarium, science museum and theater.

Expo has parking for 17,000 vehicles, but the public is urged to use bus, subway, train or taxi to the new Oriente Station, which rises like a forest of steel and glass near Expo's eastern gate. There will also be regular ferries from the Cais do Sodre river terminal.

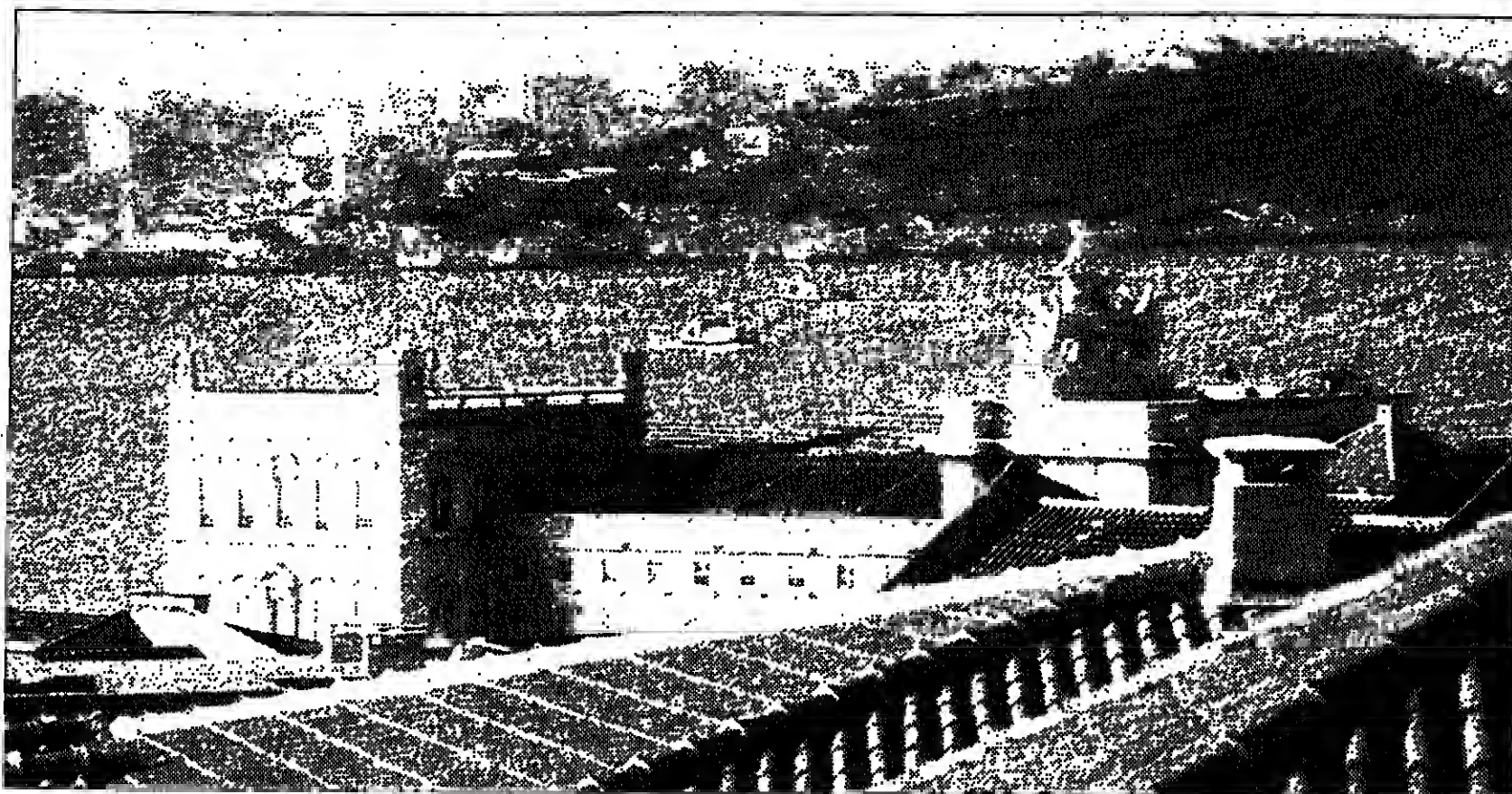
Also on the eastern periphery, the new 17-kilometer Vasco da Gama Bridge over the River Tagus connects with highways to the Algarve and Spain. On the northern ring, Colombo is one of Europe's largest shopping centers, honoring another great explorer. It includes 425 shops, 10 movie theaters and an amusement park.

All around the city, ancient monuments and neighborhoods have been refurbished and new green spaces planted. But the new highways and Metro stations are a maze of works in progress, causing dust and delays.

PLANNED EVENTS

Each day of Expo '98, from May 22 to Sept. 30, its showpiece event, a multimedia program called "Ocean Myths and Legends," will be presented at the giant Utopia Pavilion at noon, 3, 5 and 9 P.M. People in sea-monster costumes will provide street shows all day long and incredible-looking water-theme machines will parade around at sunset. Artistic and folk groups will perform at the Dock Amphitheater and other open areas in the late afternoon. Small ensembles offer fado, jazz, classical music, hip-hop and rock at a dozen open-air stages starting about 8:30 P.M. Evenings close with Midnight Tea, an open-air disco from midnight to 2 A.M. The fairgrounds themselves are open 9 A.M. to 3 A.M. daily.

International performers are scheduled every evening. On June 5 the Vienna Symphonic Orchestra will present a Johann Strauss program at the Camoes Theater at 10 P.M. The Greek Art Theater will perform "The Birds" by Aristophanes on June 11 at 9:30 P.M. at



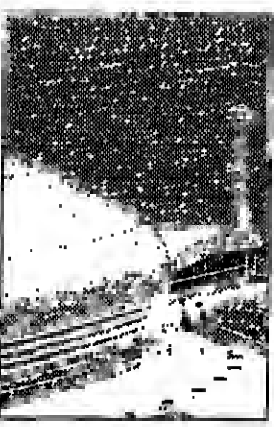
A view from the Moorish quarter of Alfama, which has been rehabilitated along with ancient mountains and neighborhoods around Lisbon.

the Dock amphitheater. Free tickets are available at the national pavilions. Expo's seafaring happenings begin early. Set for May 24 is the finale of the Whitbread "Round-the-World Race," with 40 vessels that sailed from Lisbon in early 1997. On July 25, about 120 tall ships in the Cutty Sark Tall Ships' Race start to arrive in Lisbon for the Vasco da Gama Memorial International Regatta July 31 to Aug. 3.

A ticket for Expo '98 good for one day and night is \$28; a one-night ticket good after 8 P.M. is \$11. The three-day pass is \$70 and three-month pass, \$285. Children 5 to 14 and people over 64 pay half price. Telephone: (351-1) 868-0426; fax: (351-1) 868-1800.

Many cultural events will coincide with Expo. The Sao Carlos Chorus and Portuguese Symphony Orchestra will perform Bellini's "Norma," with Sharon Sweet, on May 19, 23, 16 and 30 at Sao Carlos Opera House, 9 Rua Serpa Pinto. Tickets: \$20 to \$45; 346-3914, fax 343-0613.

Les Ballets C. de la B. from Belgium will perform "They Feed, We Eat," choreographed by Van den Broeck on June 19 and 20 and the premiere of the dance-drama "Bach," set to music by Bach, on July 1, 2 and 3, both at 10 P.M. at the Belem Cultural Center's Grand Auditorium, Praca do Imperio at Belem. Tickets are \$5.80 to \$17; Telephone: 361-2400.



An Expo '98 pavilion.

will be performed July 1 to 15, nightly except Thursdays at 10 at the Campo Pequeno Bullring, Praca de Touros. Tickets are \$20 to \$170; 303-3113.

SIGHTSEEING

The main attraction at Expo is the Oceanarium, one of Europe's largest aquariums, designed by the American architect Peter Chermayeff. Visitors are surrounded by re-creations of environments of the Atlantic, Pacific, Indian and Antarctic Oceans, culminating in a Global Ocean.

The Portuguese pavilion, overlooking Olivais Dock, will recount the country's long struggle to master the seas. Other pavilions will provide interactive experiences. Germany will offer a virtual journey to Oceania, an underwater station equipped with the latest marine research technology. The U.S. pavilion

is a showcase for American technology in diving, charting the ocean bottom and protecting the deep-sea environment. By the river, a huge abstract wave of stainless steel will be inscribed with the names of Portuguese-American contributors to the project.

Expo has provided the inspiration for renovation projects in neighborhoods and landmarks throughout the city. Sao Jorge Castle, atop Lisbon's highest hill and dating from Roman times, has been restored, and now includes a giant periscope (see all of Lisbon for \$1.70) and tourist information office. The castle, opening onto Rua Chao da Feira, is an oasis of shady terraces, towers and ramps around the old palace, used for official receptions, a luxury restaurant in the walls, and soon an esplanade cafe.

The surrounding medieval neighborhood of Castelo, a jumble of tiny houses with iron balconies and patios but no modern conveniences, is being rehabilitated. Down the hill, the Moorish quarter of Alfama — with its orange tile

roofs, cobblestone alleys and flowering balconies — has also been spruced up. Near the 12th-century Se, or cathedral, the old customhouse has undergone major work and will open in mid-June as the Fado Museum, dedicated to the singers and their way of life.

The Baixa, or downtown area, a lovely ensemble of 18th-century offices, banks and shops, is also getting a face lift. Praca do Comercio, a handsome square of bright yellow government buildings facing the river, is no longer spoiled by a parking lot. Historic buildings like Dona Maria II Theater and the 18th-century Cafe Nicola have been restored.

Reconstruction is almost finished in the Chiado, the city's most fashionable shopping neighborhood before it was devastated by fire in 1988. The new Chiado Museum for Contemporary Art stands on the site of a 17th-century monastery.

Belem, a western suburb, is Lisbon's monument zone. The 16th-century Jeronimos Monastery and Belem Tower

bave just undergone repairs. Nearby the Monument to the Discoveries, built in 1960, honors Prince Henry the Navigator. The vast fortress-like Belem Cultural Center, built in 1993, offers music and dance programs and art exhibitions. A new grassy esplanade runs along the riverfront from Belem to Alcantara, where decrepit warehouses have been converted into cafes, restaurants and discos.

The National Museum of Azulejos, 4 Rua Madre de Deus, 814-7747, has marvelous decorative tiles.

HOTEL reservations promise to be difficult during Expo, and prices higher than normal. Only one hotel is open on the Expo site: the Oriente; telephone: 893-0000, fax: 893-0099. A double room is \$160.

Centrally situated, Hotel Eduardo VII, 5 Avenida Fontes Pereira Melo 353-0141, fax 353-3879, has been remodeled. A double is \$125 with breakfast.

Away from downtown, the renovated Hotel Lisboa Penta, 726-4054, fax 726-4418, has views of central Lisbon and Monsanto Park. A double is \$90, with breakfast.

Hotel Amazonia is also outside the center, in the quiet Amoreiras section near the 18th-century aqueduct. A double is \$100 with breakfast. Telephone: 387-7006, fax: 387-9090.

About 80 restaurants and kiosks inside Expo will offer a range of cuisines and prices. At a Turkish restaurant run by Istanbul's Divan Hotel, specialties include sea bass in parchment and dinner for two with wine is about \$50. Portugal's Panoramic Tower has spectacular views to accompany local favorites like cotopiano of steamed pork and clams for \$68 to \$114 for two.

In the Chiado, Cervejaria da Trindade, a popular beer hall in a former monastery, specializes in beefsteak but also serves grilled sole and other fish. Dinner for two with beer or wine is about \$22.

For Old World gilt, mirrors, crystal chandeliers and attentive service, the place is Tavares, 37 Rua da Misericordia. Specialties include stuffed crab and duck with prunes. Dinner for two with wine, \$75.

Popular with the diplomatic community, Ja Seil, 202 Avenida Brasilia in Belem, serves high-quality Portuguese fare like roast lamb with thyme sauce, with a terrific view of the Tagus. Dinner for two with wine, \$60.

Marvyn Howe, a former New York Times correspondent, wrote this for The Times.

Nightlife: Drinking With Picasso

A Cozy Bar in Spain Keeps the Artist in Its Sights

By Al Goodman

LA CORUNA, Spain — Most people associate Pablo Picasso with France, his home for most of his life, or Malaga, his Spanish birthplace on the Mediterranean, or Barcelona, the cosmopolitan city where he painted as a young man before moving to Paris.

But Spain's charming port of La Coruna also lays claim to Picasso. He lived here for nearly four years as a boy when his father took a job teaching fine arts, forcing the family to leave Spain's warm Mediterranean coast for its rainy northwestern corner by the Atlantic.

Yet while Paris and Barcelona have Picasso museums, and Malaga plans to open one by next year, La Coruna's homage to the artist is far more subdued. There is little more than a dark stone plaque marking a balconied apartment building at 14 Payo Gomez street. Picasso lived there, on the third floor, from September 1891 to April 1895.

But just a few blocks away, another place in town manages to keep his memory alive nightly from 8 P.M. to 3 A.M. It is a cozy bar named Picasso.

The artist never had a drink in this locale, which has been open for only 12 years. But in that time, Bar Picasso has helped to shift the city's prime nightlife away from the oldest central section to a newer neighborhood, with slightly wider and straighter streets, near the graceful Orzan oceanfront promenade.

Bar Picasso, at 19 Sol street, was among a band of bars in the Orzan district in August 1985. Now there are dozens. Around the corner from Picasso, on tiny Calle Ciega, one bar is devoted to jazz (Fillos bar) and another to vampires (Crapula bar), meant to sound like Dracula. On Calle Juan Canalejo, Cisco and Garibaldi are a pair of chic late-night discotheques, almost next door to each other.

But Bar Picasso, like the artist, stands in the pack, and not just for its black-and-white photographs of Picasso with his emblematic, piercing gaze, or the little cardboard and stone statue of Picasso, by a local artist, that stands be-



Randy Auer/THT

bind the bar, seemingly ready to serve fine whiskies.

The bar has developed an artistic theme of its own as a nighttime art gallery where young artists display and sell their paintings. The dozen brightly-colored still lifes and landscapes by five local women were priced at 12,000 to 40,000 pesetas (\$80 to \$270) on a recent evening.

The quality would not cause Picasso

art dealers to worry about the competition, but the bar has nonetheless gained a faithful following. A waiting list has artists waiting for more than a year to show their work in an exposition, which lasts for three weeks. Clients typically do not buy on impulse after downing a stiff drink, but return several times before deciding to make a purchase.

The art motif is not surprising given the tastes of the owners, Juan Flores, 36, and his older sister, Elisa. She runs a local academy, called The Painted Moon, that teaches children about painting.

Juan, nicknamed Cano, also has an artistic bent. "I like everything related to art," he said, "but I never got beyond taking photographs."

Their nightclub occupies a storefront formerly used for the family's fresh fruit and produce business.

THE serpentine bar, topped with black stone and adorned with a brass rail, is stocked with a respectable selection of liquors. A rum and coke, or gin and tonic, costs 500 pesetas. In a welcome rarity for Spanish clubs, coffee is served throughout the night, for 200 pesetas on weekends and slightly less on weeknights.

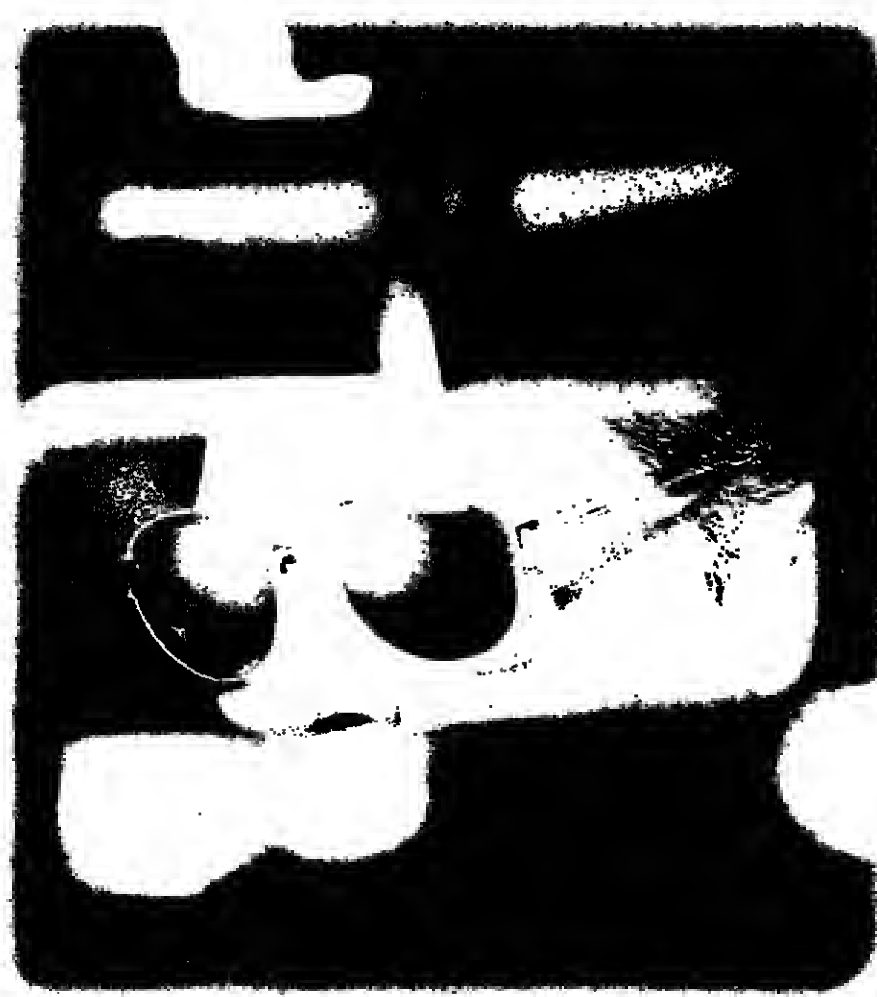
The rectangular locale has six tables, nine bar stools and plenty of standing room. The varied music is enough to cause a smile, because the stack of LPs and CDs played on any given night include some old dandies like the Crosby, Stills & Nash album with "Marrakesh Express." It was released in 1969, four years before Picasso's death.

The bar's ambience makes it most appealing to the 25-to-50 set, and Cano is unabashedly pleased that the youngest nightbirds prefer other establishments. "It's calmer for everyone," he said. "They break a lot of things."

That might not sound like the full vanguard spirit of Picasso the artist, but Cano and his sister have designed a clever enough combination to make the Picasso bar a warm, inviting option on a chilly night in La Coruna.

Al Goodman, who writes for The New York Times from Spain, wrote this for the International Herald Tribune.

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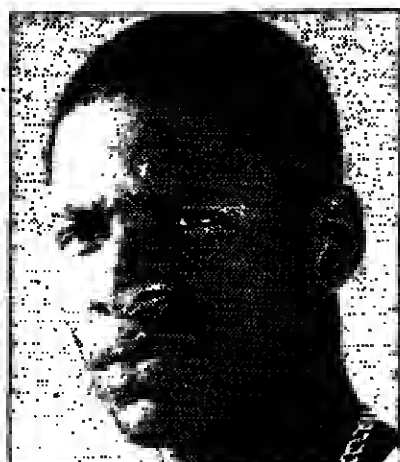
E Y E W E A R

MOVIE GUIDE

HE GOT GAME

Directed by Spike Lee. U.S.

Overlooked for pigeonhole-proof experiments like "Get on the Bus," "Crooklyn" and "Girl 6," passed over for his deserving documentary "4 Little Girls" at this year's Academy Awards, and diverting some of his energy into an advertising agency, Spike Lee now returns full blast to what he does best. Basketball, bold urban landscapes, larger-than-life characters and red-hot visual pyrotechnics are the strong points of Lee's biggest three-ring circus, not to mention the central presence of Denzel Washington. No small feat: Washington convincingly turns himself into a loser and gives a splendid, carefully measured performance that keeps this free-wheeling film from spinning out of control. Lee may never have the narrow focus to sustain a film on storytelling alone, and he may overdo it. What he has here is an explosion of spectacular gambits and a great high-concept book. Jake Shuttlesworth (Washington) is a convict imprisoned at Attica. The governor of New York, whose wishes are conveyed by the prison warden (Ned Beatty), is an avid basketball fan. The governor loves his alma mater and finds it convenient that Jake is the father of Jesus Shuttlesworth (Ray Alleo, guard for the NBA's Milwaukee Bucks), the hottest high school basketball player in America. So he arranges for Jake to be released secretly for a couple of days, in order to lure Jesus onto the governor's favorite college team. There's only one problem. Jesus hates his father and won't give him the time of day. Like many of Lee's films, this one might as well have been called "Do the Right Thing." Should Jesus forgive his father for the mysterious crime that sent him to prison? Should Jake secure his own freedom by giving his son bad career advice? And should Jesus be swayed by any of the countless buskers who are so happy to befriend him, and who give the film much of its wild background verve? Lee has a field day with the endless variety of users who lobby Jesus, from John Turturro's wild-eyed coach to the group of fawning white college girls listed in the credits as "I Love You Leeches." Stunningly photographed by Malik Hassan Sayeed, so that the neon colors and blaring daylight of its Coney Island setting burst into life on screen, the film roams eagerly all over the map. It shows how nice and decent Jesus is, and how ripe he is for exploitation. Even the music defines the film's big, buoyant notion of post-Barnum Americana. It's a sound as all-embracing as the sport Lee loves. (Jonet Moslin, NYT)



Ray Allen in "He Got Game."

THE OBJECT

Directed by Nicholas Hytner. U.S.

"The Object of My Affection" is a marshmallow of a movie: pale, pillowy and just begging to be skewered and roasted. Wendy Wasserstein brings a dull pen to this literary adaptation, which shows none of the bite or savvy of Stephen McCauley's novel. But she and director Nicholas Hytner ("The Madness of King George") seem to be under the impression that this pitiless romantic comedy has something to say about the vast permutations of family, friendship and love. The "Friends" star Jennifer Aniston portrays a pregnant social worker who falls for her gay roommate (Paul Rudd) and asks him to help rear her child. Since he's always dreaming of becoming a father, he agrees. Despite all its winking and flirting, the film is rather demure. It is, after all, aimed at the mainstream audiences who embraced gay characters in "My Best Friend's Wedding," "In & Out" and "The Birdcage." At one point, Aniston and Rudd are on the brink of unbuckling when they are saved by Mal Bell: A sexy-sounding guy (Amo Gulinello) is on the phone for him. It's a predictable turn of events, but it salvages the movie's remaining believability and the characters' credibility. As the movie's designated liberal spokesperson, Alan Alda (playing the husband of Aniston's pesty stepmother) points out that homosexuality "is a valid choice." No doubt millions of gay men and lesbians will be relieved to find this out. Alda's is the kind of line and "The Object of My Affection" is exactly the kind of movie the creators of "Seinfeld" had to mind when they came up with the rejoinder, "Not that there's anything wrong with that." If that's the case, why bother to say so in the first place? (Rita Kempley, WP)

By Gavin Green

AS with Mark Twain, reports of Renault's death seem to be exaggerated. Rivals continue to forecast that the French maker — hugely reliant on its home market and on Europe when everyone else is going international — cannot possibly continue as a small, stand-alone company. Meanwhile, Renault continues to turn out stand-alone cars that, in many cases, are the envy of the rivals who prophesy its downfall.

The Espace, launched in 1984, was very possibly the most forward-thinking car of the '80s and pioneered the new breed of multipurpose minivans. A decade later, the Renault Megane Scenic has done the same thing in the next class down. The hugely successful Scenic helped the Megane to European market leadership in March, and rivals are now all trying to copy it.

Minivan successes notwithstanding, Renault's biggest strength has long been small cars. The Renault 5 was as trending as it was successful, providing an early '70s template for the European small hatch.

Its successor, the Clio, was European Car of the Year, not least because it offered the refinement and the space of bigger hatches. Like most Renaults, it also was cute and charming, and proved particularly successful with women.

Now the designer Anne Asensio has tried to give the car a slightly more masculine edge. "We need to appeal to more men, and also wanted to give the car a slightly more masculine, protective shape," she said at the car's premiere.

ROOMIER AND SAFER

It is still unmistakably a Clio, even though every body panel is new. It's also longer, roomier and more frugal, and much safer because of airbags, the widespread use of anti-lock brakes and a stronger basic structure. Novelty includes, on the top-end models, head restraints that are positioned closer to the head (with the use of curved runners), thus helping to avoid whiplash, a particularly roomy back seat (probably best in the class) and an unusual double-curved rear window. The rear styling is borrowed from one of Renault's better concept cars, the Ludo, and the nose, while cute enough, is a softer, more rakish version of the current Clio's.

All of which means that the new Clio isn't quite the head turner that the original Clio was. "It wasn't sensible to reinvent the concept," Asensio said. "We wanted a car that was clearly a Clio, with traditional Clio values."

It is a solid, robust little thing, with solid cabin plastics, and a firmish, flat ride. Handling is safe if uninspiring. The engines offer decent pep, even if they are universally buzzy and unrefined (a common failing of French cars). A 1.6-liter, 16-valve unit sounds promising but, as things stand now, you're better off sticking with the basic 1.2-liter unit.

The steering feels a little dead, the gearshift is Japanese-easy, and the car just goes about its job in a competent, slightly anodyne way. If driving pleasure

is the name of the game, you're better off with a more traditional French small car, such as a Peugeot 106 or a Citroen Saxo. Both offer more driving élan, even if both are more cramped.

To many, these Volkswagen-like mannerisms will be seen as a huge compliment, for VW is indubitably Europe's most professional carmaker. To others, this will be regarded as a shame, for Renaults have long had a pleasing idiosyncrasy about them, from their slightly

quirky style, to their softer-than-normal ride, to the clever versatility of their cabins—all features wanting in the new Clio.

Still, this Teutonic philosophy is bound to increase Renault's appeal in Germany and other large non-French markets and help repel accusations about Renault's home-market obsession. It may even silence skeptics who insist that Renault has no future.

• Renault Clio 1.2. About \$14,000. Three- or five-door hatchback. Four-cylinder engine, 1149cc, 60 BHP at 5250 rpm, five-speed manual transmission. Top speed: 158 kph (98 mph). Acceleration: 0-100 kph in 15 seconds. Average fuel consumption: 6.0 liters per 100km.

Next: Skoda Octavia

Gavin Green is the editor in chief of Car magazine.

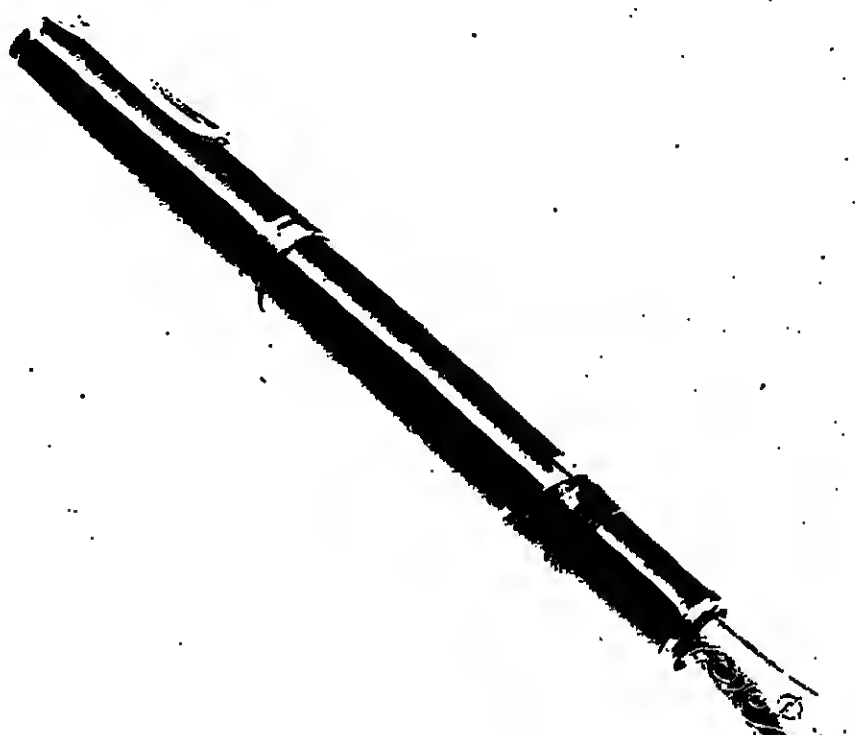


Code-Sharing

By Roger Green

Y ou can never be sure these days whether the airline you are booked on is the one you will actually fly. A network of airlines, each with its own code, is sharing planes and routes. The airlines are: Air France, British Airways, Iberia, KLM, Lufthansa, Martinair, and the Swissair. The airlines are: Air France, British Airways, Iberia, KLM, Lufthansa, Martinair, and the Swissair. The airlines are: Air France, British Airways, Iberia, KLM, Lufthansa, Martinair, and the Swissair.

Bold lines. Less filling.



BOOKS

HEADING SOUTH, LOOKING NORTH

A Bilingual Journey

By Ariel Dorfman. 282 pages. \$24.

Farrar, Straus Giroux.

Reviewed by Victor Perera

IN September 1973, Ariel Dorfman sought asylum in the Argentine Embassy in Santiago, following a military coup that killed hundreds and led to President Salvador Allende's suicide in La Moneda palace.

Dorfman had worked in the La Moneda as a publicist for Allende's socialist experiment and became a secondary target of the junta's secret police. When he and others were approached by a United Nations officer offering them refugee status to leave the country, Dorfman turned her down.

"I am an exile," he declared, wrapping himself in a Byronic mantle more in keeping with his self-image than the hand-me-down suit and blanket of a refugee.

The rehabilitation of self-image is the chief matter of this loquacious memoir. As a former agent provocateur who used cartoon characters to blitzkrieg Chile with pro-Allende propaganda, Dorfman made image-making his specialty, and he was very good at it.

His essay "How to Read Donald Duck," co-authored with Armand Mattelart, remains the most trenchant anti-imperialist polemic to come out of the abortive Allende revolution, which was put down by Augusto Pinochet and his fellow generals with CIA complicity.

DORFMAN was correct to refuse refugee status, as he had resources that his Chilean comrades lacked, chief among them a mastery of the English language acquired during his boyhood in New York. His father, Adolfo, who held a UN post in New York, was the Marxist son of Russian Jews who emigrated to Argentina. He named his Buenos Aires-born son Vladimir, in honor of Lenin, but young Dorfman told his classmates he was named after Horowitz.

After joining Allende's popular unity government and "plunging into the jubilant adventure of saving the world," Dorfman settled on the elfish nom de

guerre Ariel, from "The Tempest." But even as he denounced CIA intervention in his adopted Chilean vernacular, the English language was the core of his alter ego. If Spanish was the language of his inner child and of the Latin militant, English was his tool for making sense of the adult world.

Ariel the leftist militant, novelist and wandering Jew navigated the shoals between historical convergences, forging a new identity from every social and political upheaval in his path. In 1968, two years before Allende was elected president, Dorfman was in Berkeley as a visiting scholar, and resonated to the flower children's love songs as well as the fiery antiwar rhetoric of the student rebels. He incorporated these two poles of social protest into his militant persona when he returned to Chile.

On one level, this memoir can be read as an exercise in the rigorous self-analysis required of failed Latin American revolutionaries. But Dorfman's self-criticism is leavened with large dollops of self-exculpation. He admits to conspiring in the hard left's alienation of moderate Christian Democrats who supported Allende, and whose disaffection opened wider the doors to the military's violent repression. On the other hand, Dorfman's ideological fervor was tempered by an appreciation for paradox nurtured by his love of Shakespeare. As a child of privilege, Dorfman recognized, in hindsight, that the Marxist glorification of el pueblo ignored the real needs of the working-class poor whom the revolution was born to serve.

Dorfman's mea minima culpa often runs to excess and hyperbole. His headlong and interminably self-serving narrative is rescued by the clear-eyed essayist. Long, disjointed passages devoid of self-irony, in which he appears to write from both lobes of his brain at once, are interspersed with moments of unsparring self-insight: "I was unable to look directly in the face of the divergent mystery of who I was, the abyss of being bilingual and bilingual at a time when everything demanded that we be univocal and immaculate."

Dorfman's errant journey is redeemed by his unbounded vitality and the transparency of his ambition, by a redoubt-

able Chilean companion, Angelica, who anchors him to a dogma-free everyday reality, and by the survivor's guilt—an archetype to which our century has surely given a new meaning—that cuts his outside ego down to size and deepens his humanity.

When I met Ariel Dorfman in Paris in 1975, a year after I was assigned by the New York Times Magazine to cover the first anniversary of the military coup, he was still beating the drums for the revolution. After I interviewed him—in Spanish—for an article on Chilean writers in exile, he insisted that I inform the novelist Jose Donoso, who was next on my list, that "Julio Cortazar [the Argentine novelist] and I are waiting for him to declare his opposition to Pinochet."

When I tracked down Donoso in Spain's Costa Brava, he reacted testily to my embassy. "Inform Dorfman," Donoso said in his impeccable Princeton English, "that if I take a public stand on Chile it will be in the way I know best: through metaphor."

In October, 1996, a bemused Donoso recalled his altercation with Dorfman when I interviewed him in Santiago. "Metaphor survived," Donoso said, tugging at his gray beard. He died three weeks later.

TOWARD the end of "Heading South, Looking North," Dorfman falls back on the myth of the exile who finds salvation only in wandering. His commitment to bearing witness through his writing—as in his searing play on a Chilean torturer and his victim, "Death and the Maiden"—is too global to be confined by geographical or political boundaries.

Ariel Dorfman's impressive oeuvre may in time become associated not just with the Chilean exile, the failed socialist revolutionary or the self-invented American writer but with Dorfman the extravagantly talented diaspora whose sole weapon, after all the bodies were removed from the stage, was the word.

Victor Perera, the author of "Unfinished Conquest: The Guatemalan Tragedy" and "The Cross and the Pear Tree: A Sephardic Journey," wrote this for The Washington Post.

BRIDGE

By Alan Truscott

IF there were to be an award for the world's most luxurious bridge club, the Regency Whist at 15 East 67th Street, which has its roots in the ancestor game of whist, would be a strong contender. Its playing rooms, bar and dining room are of a quality that would be hard to match anywhere.

Club members and a group of invited experts contended in a special duplicate game on Monday, and the North-South winners were two members, Elaine Immelman and Beverly Gunther. Winning East-West, in spite of a matchpoint handicap imposed on them and the other experts, were Jacqui Mitchell

and Judge Amalya Kearse, whose many successes include the World Women's Pairs title in 1986.

On the diagrammed deal the East-West cards were held by James Loeb, the president of the club, and Edith Sacks, who heads the Card Committee. It was normal for North-South to reach three no-trump, although there were several hiding variations. If North responded one diamond to one club, it was easy for East to bid his spades and so inhibit a no-trump game.

But the modern tendency is to respond one spade, which may silence East. Many good partnerships have an agreement that two spades over one spade in this sequence is a natural bid, not a cue bid, and that would also prepare for a

successful defense. After East passed, South could bid two no-trump, leading to game, or bid three no-trump directly.

Now it was normal for West to lead a heart, leaving his partner in a quandary after winning with the ace. A shift to a low spade would have been a spectacular success, but could also have been a spectacular failure: West could have held five hearts headed by the king-jack, and a singleton spade. So East makes the obvious return of his remaining heart, and South had 11 tricks.

This did not happen when Loeb was East. As shown, he tried the bold gamble of doubling three no-trump, asking for a spade lead. He would have been sorry if his partner had held a singleton spade,

but as it was he had a stunning success. His partner dutifully led the ace and another spade, and the defense took the first seven tricks to collect 500.

NORTH
♠ 10 8 6 3
♥ 9 8 3
♦ A Q 6 2
♣ 5 5
WEST
♠ A 7
♥ 7 10 5 4
♦ 9 7 4 3
♣ 8 2
EAST
♠ K Q 9 5 4 2
♥ A 2
♦ 10
♣ J 7 6
SOUTH (D)
♠ J
♥ K Q 10
♦ K 8 5
♣ A K Q 10 4 3
Neither side was vulnerable. The bidding:
South: 1♣ Pass 1♥ Pass
2NT. Pass 3NT. Pass
Pass Pass Pass
West led the spade ace.

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THE FREQUENT TRAVELER

Code-Sharing Alliances: Not Always in the Flier's Interest

By Roger Collis
International Herald Tribune

YOU can never be sure these days whether the airline you were booked on is the one you will actually fly, whatever your boarding card says. Or whether you will set out on one type of plane and arrive on another, perhaps on a connecting flight with a second or third carrier.

Buy a ticket from Air France from Nice to London and you will find yourself on a British Midland flight. Continental Airlines passengers from Garwick to Orlando, Florida, may be surprised to board a Virgin Atlantic 747. Nobody told you that Delta was operating what you thought was a Swissair flight from Zurich to Cincinnati.

Whether you're pleased, perplexed, angry or indifferent may depend on

whether you find yourself on your most or least favorite carrier.

This is what happens with code sharing — a system by which two or more airlines agree to use the same "designator," or flight number, for a flight or series of connecting flights in order to attract more business by extending their networks through partner carriers.

Code sharing is the most visible consequence of the alliances that airlines are forging in their quest for global dominance. These accords include loose marketing agreements; reciprocal sales and marketing pacts; coordination of schedules and fares; cross-equity holdings and aircraft-buying consortia; and franchising deals where one airline pays another for the right to carry its name.

The alliances sometimes take the form of block-seat arrangements in which one airline sells seats under its

own code in another airline's cabin. Such is the case with Sabena, which sells seats in front of the curtain on no-frills Virgin Express flights from Brussels.

One can expect to see more airlines sharing the same plane with their own fares, flight attendants, meals and inflight service. By the end of the decade, at least half the long-haul services are likely to be operated as joint flights with perhaps half a dozen airlines sharing the same cabin on a new generation of "super jumbos."

FEWER TRAVEL OPTIONS

Not surprisingly, airline partnerships are packaged by airlines as hugely desirable. But for whom? Open skies were supposed to mean more competition, more players in the marketplace, more options for travelers — and lower fares. Travelers can certainly benefit from

"seamless" transfers, enabling them to check baggage right through and receive all boarding cards in one go; coordinated schedules to avoid hanging around at megahubs; joint ticket sales and reservations; joint frequent-flyer programs with scope to earn and redeem miles on a wider choice of carriers and hotel and car-rental partners.

But through the subterfuge of code sharing is a return to the days before deregulation of monopoly and duopoly routes with "pooled" schedules and revenue, to less choice of flights on some routes and to the threat of higher fares.

There is also growing criticism that code sharing is misleading because the traveler is buying one product but getting another. The U.S. Department of Transportation found that 30 percent of passengers on code-sharing flights were not told which carrier they would be flying.

"You can guarantee that airlines didn't decide to form alliances so they could offer the traveler cheaper fares or better service," said Mike Plant, commercial director of Hogg Robinson Travel in London. "They formed alliances to reduce their costs and increase

their ability to sell on broader markets. The only arguable benefits are better connections and seamless transfers. But unless market forces increase competition, there's no sign of better deals for the traveler."

AMONG high-profile examples of airline accords is the contentious British Airways alliance with American Airlines (awaiting approval by the European Union this month), serving 401 cities.

Others are the Star Alliance of Air Canada, Lufthansa, SAS, Thai Airlines, United Airlines and Varig, serving 642 cities; the new Qualiflyer Group of Swissair, Austrian Airlines and Delta Air Lines, serving 294 cities; British Airways and Qantas; Singapore Airlines, Ansett, Air New Zealand; Singapore Airlines and Lufthansa; and KLM, Northwest and possibly Continental.

Cracking the airline codes comes down to asking the right questions: Which airline will be operating this flight? How many times does it stop and where? Is there a change of aircraft or airline? Will my seating and meal re-

quirements be respected throughout the journey, especially if I am decanted to a smaller plane? Is my connection "guaranteed"? How long will I be on the ground? Can I use an executive lounge? Will I earn frequent-flyer miles on both code-sharing airlines? Is there an alternative noncode-sharing route with a cheaper fare?

Airlines hoarding computerized reservations systems tend to manipulate display screens — or give incentives to travel agents — in favor of their own flights. Code sharing allows airlines to offer on-line connections that may involve a change of plane or carrier as direct flights.

So ask the agent to check all the screens for a through flight before putting you on a connecting code-sharing flight. Be aware that a direct flight does not mean nonstop. It means you are stopping somewhere, but staying on the same plane.

Airline timetables should reveal code-sharing flights. But the only way to be sure is to subscribe to a neutral database such as an OAG electronic guide. If in doubt, call the airline.

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BRITISH AIRWAYS	France/Switzerland to United States/Caribbean	One-way upgrade to first class when you buy a round-trip business-class ticket from Basel/Mulhouse, Bordeaux, Brussels, Geneva, Luxembourg, Lyon, Marseille, Montpellier, Nice, Paris or Toulouse. First-class passengers to New York or Barbados get a round-trip upgrade to Concorde; a round-trip business-class ticket allows you a one-way upgrade to Concorde. Until Oct. 30.
GULF AIR	London to Sydney	Round-trip fare (via Bahrain) for £885 (\$1,140). For travel until July 14. The Travel Bug (44-990) 737-747.
JAPAN AIRLINES	Britain to Japan	JAL Mileage Bank members earn double miles on new service between Heathrow and Nagoya. Until June 30.
WHERE TO STAY		
HYATT REGENCY	Osaka	"Super Saver" rate of 15,000 yen (\$112), single, and 20,000 yen, double, for a "deluxe" room. Until Dec. 31.
INTER-CONTINENTAL	Asia-Pacific	"Double Options" added-value program offers guests paying any published rate at 27 hotels in the region the choice of two of the following: upgrade to a junior suite or Club Inter-Continental accommodation; a second room of 50 percent discount; American breakfast; double mileage or points with participating airlines. Until May 31.
PARK HYATT	Washington	"World Cup Widows" weekend package for \$124.50 per person per night in a "deluxe" room includes Continental breakfast, a one-day pass on the Old Town Trolley and shopping discounts. From June 1 to Aug. 31.
SUNWAY HOTEL	Hanoi	Rates from \$75 for a "superior" single. Until May 30.
TRAVELODGE	London	New budget hotel convenient for Canary Wharf and London City Airport offers standard rooms for £49.50 (\$82) a night.

Although the IHT carefully checks these offers, please be forewarned that some travel agents may be unaware of them, or unable to book them.

ARTS GUIDE

BELGIUM

ANTWERP
Koninklijk Museum voor Schone Kunsten, tel: (3) 238-7809, closed Mondays. To July 26: "Pieter Bruegel le Jeune et Jan Bruegel l'Ancien: Une Famille de Peintres Flamands vers 1600." Approximately 130 paintings and 20 works on paper by the sons of Pieter Bruegel the Elder (12 of his paintings are also shown). Jan Bruegel the Elder (1568-1625) was a painter of flowers and still-lives, while Pieter Bruegel the Younger (1564-1637) copied his father's work thus making it familiar to a wider public.

BRITAIN

GLASGOW
Art Gallery and Museum, Kelvingrove, tel: (141) 287-2700, open daily. To Aug. 30: "Scrolls From the Dead Sea." Nine scrolls on parchment accompanied by objects excavated at Qumran in 1947 that illustrate the simple life of the small

Jewish community of the Essenes 2,000 years ago. The scrolls will travel to Paris and Cologne.

LONDON
National Gallery, tel: (171) 747-2885, open daily. To Aug. 2: "Masters of Light: Dutch Painters in Utrecht During the Golden Age." Utrecht painting in the 17th century combines Italian theatricality and lighting effects with Dutch sensitivity to nature. The exhibition features 80 paintings by 20 artists such as Abraham Bloemaert, Dirk van Baburen and Gerard van Honthorst. Tate Gallery, tel: (171) 887-8000, open daily. Continuing To May 17: "Bonnard." Landscapes, still-lives, interiors, bathroom pictures and self-portraits by the French painter (1867-1947).

FRANCE

PARIS
Grand Palais, tel: 01-44-13-17-17, closed Tuesdays. To June 29: "Man Ray: La Photographie a

"Envers." Hundreds of fashion photographs, landscapes and portraits of the 1920s and '30s. The exhibition contrasts Man Ray's professional photography with his creative works and his use of complex techniques. The show will travel to Rome. Musée du Petit Palais, tel: 01-42-65-12-73, closed Mondays. To July 26: "La Gloire d'Alexandrie." Extensive underwater and land excavations have been taking place in Alexandria, Egypt, over the last five years. The exhibition brings together items that document the history of the city between its foundation by Alexander the Great and the reign of Cleopatra, 300 years later. Also to July 26: "Alexandrie l'Égyptienne." Photographs taken by the Brazilian artist Carlos Freire, who traveled to the city in 1965 and 1966.

GERMANY

COLOGNE
Wallraf-Richartz-Museum, tel: (22) 221-2372, closed Mondays and Wed. To June 7: "Landscape as Cosmos of the Soul: Nordic Symbolist Painting Up to Munich, 1890-1910." A survey of Scandinavian contribution to symbolist landscape painting. Often inspired by the School of Pont-Aven and Gauguin, Hammershøi, Strindberg and Munch, among others, exploited the possibilities offered by the Nordic countryside and its distinctive climate.

ITALY

VENICE
Peggy Guggenheim Collection, tel: (41) 520-6288, closed Tuesdays. To Sept. 13: "The Later Morandi: Still Lives, 1950-1964." Works by the Bolognese painter (1890-1964) in his last years. They reveal his obsessive repetition of the same subject matter, with variations only in tone, composition and viewpoints.

SPAIN

MADRID
Museo Nacional Centro de Arte Reina Sofia, tel: (1) 467-50-62, closed Tuesdays. To June 1: "Esteban Vicente: Obras de 1960-1980." Documents the Spanish-born painter's career after his arrival in New York in 1950 where he became aligned with the Abstract Expressionists. Features paintings, works on paper and collages.

SWITZERLAND

BASEL
Kunstmuseum, tel: (61) 271-0445, closed Mondays. To July 19:



Walker Evans photograph in Atlanta exhibition.

"Andy Warhol: Zeichnungen, 1942-1987." A selection of 200 drawings from the thousands by the American artist whose philosophy was that "business art is a much better thing to be making than art-art."

www.kunstmuseumbasel.ch

UNITED STATES

ATLANTA
High Museum of Art, tel: (404) 733-4437, closed Mondays. To June 14: "Walker Evans: Simple Secrets — Photographs From the Collection of Marian and Benjamin A. Hill." Beginning with Evans' early New York abstractions, street scenes and portraits, the exhibition also covers the American photographer's work in Tahiti, Cuba and the United States.

WASHINGTON
National Gallery of Art, tel: (202) 737-4215, open daily. To Aug. 16: "Mark Rothko." Works on canvas and paper by the American artist (1903-1970). The exhibition includes figurative works from Rothko's early period in New York, his experimentation with mythological themes in the early 1940s, and his abstract "multiforms" later in the decade. The show will travel to New York and Paris.

CLOSING SOON

May 10: "La Cote d'Azur de Jacques-Henri Lartigue." Photographs Forum International, Frankfurt.
May 10: "Bill Viola." Whitney Museum of American Art, New York.
May 11: "La Collection Lemna: Tableaux Romains des XVIIe et XVIIIe Siècles." Musée de l'Enlèvement d'Israël, Louvre, Paris.
May 12: "Famand Leger." Museum of Modern Art, New York.

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Mon-Fri: 10:00 am - 7:00 pm, Sat: 11:00 am - 5:00 pm, by app. (212) 452-3400
Stand F4 at the International Fine Art Fair, May 8-13, 1998

Trans-Atlantic Takeover / Will Bigger Be Better?

For Daimler and Chrysler, the Road Ahead May Be Full of Potholes

By Keith Bradsher
New York Times Service

DETROIT — A quarter of a century ago, most automakers were convinced that the only way to thrive was to imitate a then-wealthy General Motors Corp. and become as big as possible, producing cars of every size and shape and selling them in every market around the globe.

After many years in disrepute, the theory is back in fashion now and fully reflected in Daimler-Benz AG's planned takeover of Chrysler Corp. The deal would turn two medium-sized automakers with limited vehicle lineups into a nearly global manufacturer selling everything from economy cars to luxury

sedans to sport utility vehicles, minivans and trucks.

The short-term advantages are clear. Daimler's automotive unit, Mercedes-Benz, would no longer be so dependent on European sales and on the luxury-car market, which is vulnerable to any tumble in stock prices. Chrysler would no longer earn almost all of its profit from sales in the United States of a few models of sport utility vehicles, pickup trucks and minivans.

But several obstacles remain to its long-term success, auto executives said. One lies in avoiding the ponderous decision-making that has plagued GM, partly because of its size. Another danger lies in combining two giant corporations

with very different business cultures. A third pitfall may lurk in the automakers' sometimes contentious labor relations.

Just as many airlines now see their futures lying in mergers and joint marketing agreements that span continents, Daimler-Benz and Chrysler, by combining, could put new pressure on smaller automakers around the world. Small producers must now choose to either form their own alliances or risk being trapped in their home markets with a limited lineup of models.

Oddly enough, one of the strongest critics of large automakers is Robert Lutz, Chrysler's deputy chairman. Mr. Lutz said in a recent interview that when he was an executive vice president of

Bayerische Motoren Werke AG in the early 1970s, he was often asked whether BMW would have to merge soon because it produced fewer than a million cars a year and seemed to have few economies of scale.

"Here's BMW 25 years later, still gloriously independent," Mr. Lutz said.

He added that the most efficient automakers produced 300,000 to 3 million vehicles a year. Then he suddenly stopped and quickly revised the upper limit for efficient production to 5 million — Chrysler made nearly 2.9 million vehicles last year, so an upper limit of 3 million would preclude it getting any larger.

Merging European and American

automakers is not a new idea, and the result last time was a disaster that Chrysler executives know particularly well. In 1981, Renault of France took control of American Motors Corp., which made Jeeps and Eagle cars. What followed was years of struggle between Detroit and Paris over who would make the decisions, while Renault insisted that American Motors try to sell French-designed cars that often did not meet U.S. standards.

Squabbles among executives ended up dooming the Renault merger, said Gerald Meyers, who was chairman and chief executive of American Motors until 1982, when he resigned.

"On paper, it was a marriage made in

heaven," he said, but in practice, "the cultures couldn't get together, and that was the reason it failed."

Renault ended up selling American Motors in 1987 to Chrysler, which promptly turned Jeep into one of the world's most valuable brands.

The last senior French executive at Chrysler from that era, Francois Castaing, was passed over for the job of president a year ago and left his position as an executive vice president to become a consultant to Chrysler.

Mr. Meyers said that although Robert Eaton, Chrysler's chairman and chief executive, has international experience from having run GM's European operations, Mr. Lutz, who speaks fluent German, would be the key to preventing the Daimler-Chrysler deal from running into the problems that Renault and American Motors encountered.

Mr. Lutz is known for his passion for car design, as are many German auto executives but few top Detroit executives, who commonly rise to the top through their companies' financial operations. Mr. Lutz is well known in Detroit for ridiculing financial executives.

But one question is how long Mr. Lutz will remain at Chrysler. He is 66 and stepped down last year from his position as Chrysler's president and chief operating officer, although he continues to play an influential role in the design of new vehicles. He had been expected to retire as deputy chairman when his contract expires at the end of this year, but he hinted in a recent interview that he might be willing to stay longer.

Another long-term problem for Chrysler and Daimler-Benz may also lie in labor relations. Juergen Schrempf, Daimler's chairman and chief executive, has restored the company's profitability partly through a series of showdowns with German unions, although the unions continue to be represented on Daimler's board. When Mercedes decided in the early 1990s to begin producing sport utility vehicles in the United States, it chose to build a nonunion factory in Tuscaloosa, Alabama.

All of Chrysler's factories in the United States are represented by the United Automobile Workers union. The union has had no success in organizing non-U.S. automakers' factories in the Southern United States, but Chrysler endured a 29-day strike a year ago that crippled its profit.

UAW leaders said Wednesday that they were withholding judgment on the companies' proposed combination until they had more details. But people close to the union predicted that it would seek the right to represent the Tuscaloosa workers and said the union feared that in the next recession, Daimler might lay off Chrysler workers in the United States before it let go any Mercedes workers in Germany.

Chrysler Stake Makes Kerkorian A High Prophet

By Geraldine Fabrikant
New York Times Service

NEW YORK — Kirk Kerkorian is known as a reclusive billionaire who does not talk much to investors or the press. But if he did, he would certainly be entitled to say, "I told you so."

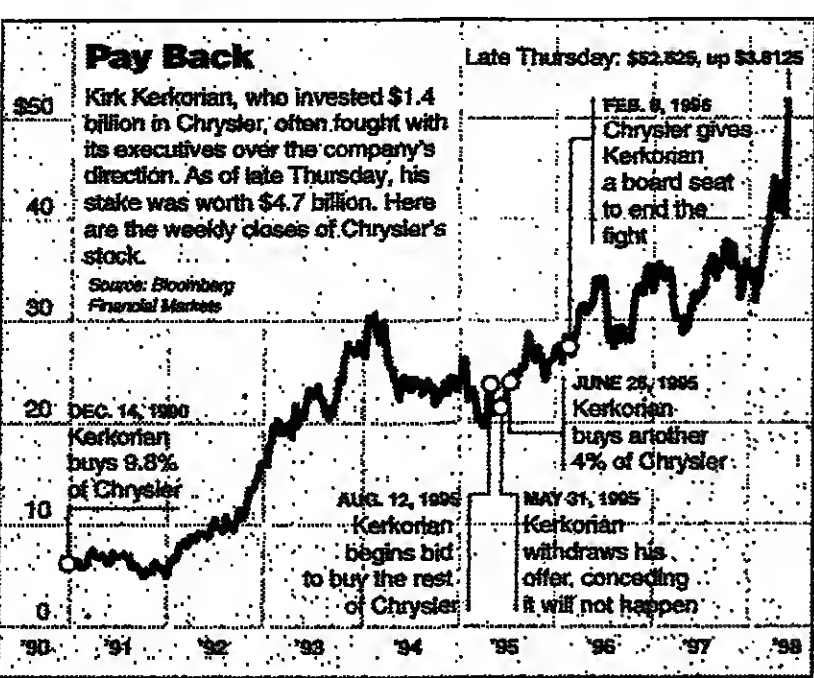
His much-maligned 1990 investment in Chrysler Corp. is proving nothing short of brilliant. If the Daimler takeover of Chrysler succeeds, Mr. Kerkorian's remaining stake of 89 million shares would be worth about \$4.7 billion, more than triple his original investment.

Mr. Kerkorian began buying the stock eight years ago, when Chrysler was still recovering from years of poor sales. Over the years, he purchased 100 million shares, for a total of \$1.4 billion, making half of that investment two years ago.

The investment, which was met with contempt on Wall Street and hostility at Chrysler because of his reputation as a corporate raider, paid off even before the talks between the car companies were disclosed Wednesday.

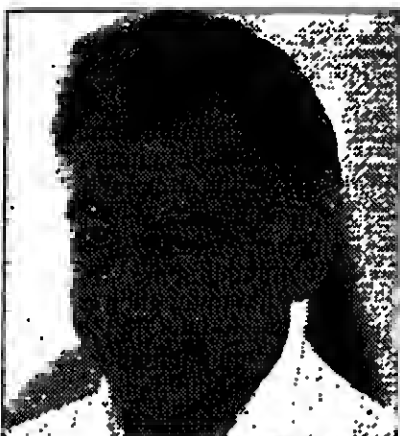
Late Thursday, after the companies' boards approved the deal, shares in Chrysler were up \$3.6125 to \$52.625. On Wednesday — the day the carmakers confirmed they were in talks, the shares soared \$7.375 to \$48.8125. Mr. Kerkorian, who turned a huge profit when he sold his stake in MGM/UA Communications a decade ago, paid an average of \$14 a share for his Chrysler holdings.

In the wake of a 1996 agreement with Chrysler's management, Mr. Kerkorian



agreed not to acquire more than 13.75 percent of the company. In the ensuing two years, Mr. Kerkorian sold 11 million shares back to Chrysler, for a total of \$370 million, to comply with the percentage limit. He has also received \$500 million in dividends. Those payments, together with the value of his current holdings if the deal goes through, would total nearly \$5.9 billion, or more than four times his investment.

Mr. Kerkorian has long been a thorn in the side of Chrysler's management, threatening a takeover in 1995 after teaming up with Lee Iacocca, the company's former chairman. But two people close to Mr. Kerkorian said Wednesday that he did not know about the current talks until January, when they were already well under way.



Kirk Kerkorian could net billions.

Daimler's Driven Chief: Firmly Behind the Wheel

By Edmund L. Andrews
New York Times Service

FRANKFURT — Long before he orchestrated the stunning takeover of Chrysler Corp., Juergen Schrempf had been setting the stage by overhauling his own company from top to bottom.

In the three years since Mr. Schrempf became chairman of Daimler-Benz AG, he has lopped off more than a dozen companies and reversed the disastrous diversification effort of his predecessor, Edzard Reuter.

Mr. Schrempf has reorganized the company, eliminating more than a thousand midlevel managers and forcing those who remained to focus relentlessly on profit performance.

The results have been impressive. After logging a \$3.2 billion loss in 1993, mostly because of writing off its investment in the Fokker aircraft company, Daimler-Benz's sales climbed 19 percent last year, to \$46 billion, and operating profits soared 79 percent, to about \$2.5 billion.

Mr. Schrempf is now about to take his biggest gamble ever. Having slimmed down Daimler-Benz by bailing out of businesses from airplanes to insurance, the combative 53-year-old chairman is bulking up again with one of the biggest takeovers in history.

He is also embarking on a huge exercise in cross-cultural management. As Germany's biggest industrial conglomerate, Daimler-Benz's history dates from the late 19th century and includes a sordid period as a major component of the Nazi war machine during World War II.

In the decades of Germany's "economic miracle" immediately after the war, Daimler-Benz grew rapidly into a major manufacturer of expensive, high-quality cars. As Germany's prosperity soared, so did that of Daimler-Benz.

Things became unglued in the early 1990s, when Mr. Reuter embarked on a sweeping program to expand into new industries. Convinced that the company should become a wide-ranging "technology" enterprise, Mr. Reuter expanded into aerospace and aircraft, data processing and even insurance.

Most experts now say the strategy was grievously flawed, but the problems were compounded by recession in the United States and a soaring value of the Deutsche mark, which made exports difficult.

Though Mr. Schrempf had been part of Mr. Reuter's regime, he quickly began to carry out a counterrevolution after he took over in early 1995.

Daimler-Benz shed more than 40,000 workers in less than two years as it sold or simply shut down marginal businesses. By late 1996, Mr. Schrempf had refocused the company on automobiles and trucks, which account for about 70 percent of Daimler-Benz's sales.

The transformation has not always been pretty. Last year, Mr. Schrempf reorganized the company structure and eliminated Mercedes' separate board.

Under the proposed new deal, Mr. Schrempf will at least nominally be sharing power with Chrysler's chairman, Robert Eaton. But Mr. Eaton's position as co-chairman of the new Daimler-Chrysler conglomerate is expected to be a transitional post — certainly if Mr. Schrempf has his way.

German Companies Turn Less German

By William Drozdiak
Washington Post Service

BERLIN — The decision by Daimler-Benz AG to seek history's highest industrial merger, with Chrysler Corp., reflects an accelerating trend among the most prominent German enterprises to pursue what they see as more profitable destinies in the U.S. market.

German companies striving to stay competitive in the post-Cold War revolution of global markets are saddled with some of the world's most expensive labor costs and social benefits. So companies long renowned as Germany's champions, such as Siemens AG and Volkswagen AG, have shed their national identities to seek greater fortunes abroad.

The benefits are evident: Germany's stock market has hit record highs this year

as costs have plunged and profits soared. But the downside is equally clear: Almost 5 million people, or nearly 13 percent of the labor force, cannot find work. Germany has not witnessed this level of joblessness since the Nazis came to power.

Germany is on its way to becoming an industrial museum, said Arnulf Baring, professor of economic history at the Free University in Berlin. "There is a total paralysis in political leadership because nobody in the mainstream parties dares suggest wage cuts or social welfare reductions. These companies cannot afford to wait for serious reforms, so they are fleeing with their feet."

Last year German companies invested about 10 times as much money outside Germany as foreign companies invested in Germany. Siemens, the electrical giant that was once the nation's biggest

employer, says that a majority of its workers are now employed abroad.

Automakers have led the way in seeking to shore up their efficiency and their balance sheets through foreign investments. Almost all of Audi's engines now come from a gleaming new plant in Győr, Hungary, where workers earn about one-sixth the wages in Germany. Soon Audi AG, a subsidiary of Volkswagen, will be assembling entire cars in Hungary, while some of VW's own new models will be turned out at plants in Slovakia.

The United States, with labor costs estimated at roughly half the average rate of \$29 an hour in Germany and access to a vast pool of affluent consumers in Canada and Mexico through the North American Free Trade Agreement, offers enormously lucrative possibilities for German companies.

DAIMLER: Carmakers Rolling

Continued from Page 1

Chrysler's presence across North America to increase sales of its luxury cars without stealing Chrysler's traditional mass-market customers. Chrysler can exploit Daimler's European network to multiply foreign sales of its cars without treading on Daimler's turf.

With the takeover, Daimler pulls ahead of VW in the drive to expand into all segments of the motor vehicle market. VW's top-of-the-line luxury models are still on the drawing boards and it still wants to buy a line of heavy trucks. The merged German-U.S. company, meanwhile, covers every segment from subcompact such as Chrysler's Neon model to Daimler's S-class limousine, once called a "cathedral on wheels."

"Both companies have product ranges with world class brands that complement each other perfectly," Mr. Eaton said.

Daimler makes Mercedes-Benz luxury sedans, while Chrysler presides over the Dodge, Plymouth and Jeep brands. Its Jeeps and minivans are market leaders in some of the fastest-growing segments of the auto market.

Mercedes-Benz and Chrysler will remain distinct brands, even within the combined company, Mr. Schrempf said. "We believe very strongly that a brand is the most important thing a company owns and I can assure you we will do nothing but to improve those brands and yes, they will clearly be separate brands forever," he said.

Countering speculation that Daimler will divert its aerospace operations to focus on cars, Mr. Schrempf vowed that the company is keeping its aircraft, defense, helicopter and train units.

Daimler-Chrysler will exist under German laws of incorporation as an Aktiengesellschaft or AG, although it will maintain two "operational" headquarters, in Stuttgart as well as in Chrysler's head office in Auburn Hills, Michigan.

Shares in both companies rallied strongly for the second consecutive day

A Boon for Investment Bankers

Bloomberg News

LONDON — The merger between Daimler-Benz AG and Chrysler Corp. could generate as much as \$200 million in fees to advisers, with Credit Suisse First Boston, Goldman Sachs & Co. and Deutsche Bank AG among the linchpins, analysts said Thursday.

Credit Suisse is advising Chrysler, and Deutsche and Goldman Sachs are advising Daimler-Benz on what will be the largest merger of two industrial companies and the largest acquisition of a U.S. company by a foreign one.

"It's groundbreaking — it is also the largest ever cross-border transaction," said Don Meltzer, head of European mergers and acquisitions at Credit Suisse.

The fees from the deal will increase profits in what could be the third consecutive record year for advisers on European mergers and acquisitions as industries such as pharmaceuticals, banking and engineering consolidate in anticipation of increasingly tough global competition and monetary union in Europe.

The lawyers and bankers on this deal could make up to \$200 million, of which the bankers are likely to take the majority, said Angela Ward, contributing editor of Acquisitions Monthly.

According to Securities Data Company, Goldman Sachs advised on \$77.3 billion of deals in the first quarter of 1998. Credit Suisse will see its first-quarter total of \$28.8 billion more than doubled in the next quarter. Deutsche, which was ranked outside the top 10 largest advisers, could rise into the premier division because of the deal.

Chrysler already has begun to prod change at Daimler, analysts said. Mr. Eaton said the new company will cater to its shareholders by "returning surplus cash" to shareholders.

Shareholders can count on far more generous payouts in the future than Daimler's shareholders are accustomed to.

With savings from joint purchasing, shared research and exchange of components and technologies, the combined Daimler-Chrysler expects benefits of \$1.4 billion next year, Mr. Schrempf called it a conservative figure.

Over the next few years, savings will more than double to about \$3 billion, the executives said.



Lao She-chun showing a toy from the market.

China Hasn't Lost

Despite Neighbors' Derailment

By Thomas Crampton

BEIJING — China's economic growth has not been derailed by the collapse of the Soviet Union, the world's second largest economy, and the Asian financial crisis, the world's third largest. China's economy is still growing at a rapid pace, and the government is confident that it will continue to do so.

The Chinese government has been successful in maintaining its economic growth despite the challenges posed by the global economic downturn. The government has implemented a series of reforms to improve the efficiency of its economy and to attract foreign investment.

China's economic growth has been a source of pride for the Chinese people and a source of concern for its neighbors. The Chinese government has been successful in maintaining its economic growth despite the challenges posed by the global economic downturn.

Working Ahead / Common

Solomonic Decision

By Regina A. Dale

WASHINGTON — An agreement between the European Union and the United States to create a common currency, the euro, has been reached. The agreement is a significant step towards the creation of a single market in Europe.

The euro will be introduced in 1999 and will replace the national currencies of the member states of the European Union. The agreement is a significant step towards the creation of a single market in Europe.

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CURRENCY

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CURRENCY

Currency	Rate	Currency	Rate
U.S. Dollar	1.00	Japanese Yen	100.00
British Pound	0.65	Swiss Franc	1.60
German Mark	1.93	French Franc	6.55
Italian Lira	2036.27	Spanish Peseta	166.64
Portuguese Escudo	200.48	Belgian Franc	6.55
Dutch Guilder	3.60	Austrian Schilling	13.76
Irish Punt	0.78	Greek Drachma	340.75
Spanish Peseta	166.64	Polish Zloty	4.00
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By Thomas Crampton
International Herald Tribune

They may make the sweet sound of success for Mrs.

See TOYS, Page 17

Compiled by Our Staff From Dispatches

By Timothy L. O'Brien
New York Times Service

By Mitchell Martin
International Herald Tribune

By Reginald Dale
International Herald Tribune

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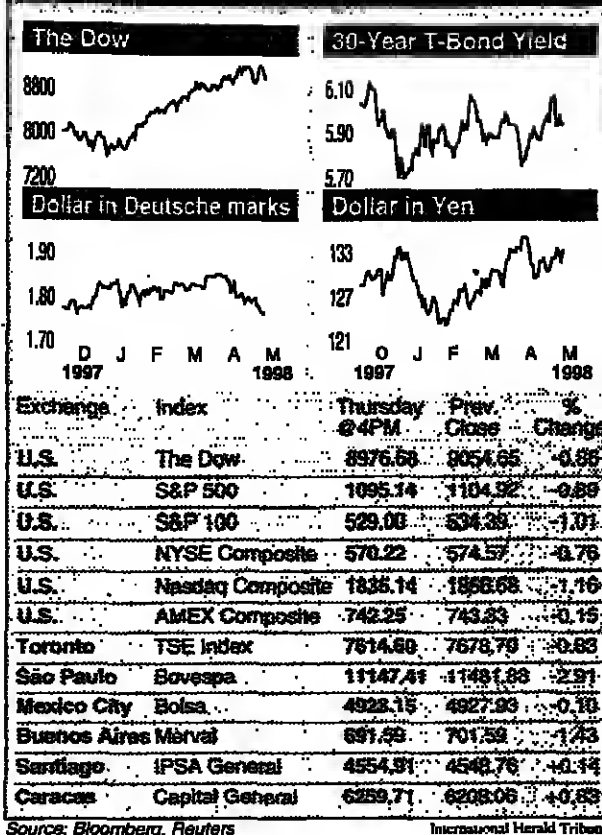
It appears that the euro has united Europe after all.

To find out how IBM can help, visit our euro website at } www.ibm.com/euro

IBM

THE AMERICAS

Investor's America



Dollar Gains Awaiting Jobs Report, Wall Street Slumps

On Altered Rate Outlook

Bloomberg News

NEW YORK — The dollar rose slightly after the Deutsche mark Thursday after the president of the Bundesbank, Hans Tietmeyer, quelled speculation that Germany would raise interest rates in the near future.

Bridging the gap between rates in Germany and the 10 other countries that will adopt Europe's single currency in January need not start right away, Mr. Tietmeyer said in Rome.

A report showing an unexpected drop in German industrial production in March also led traders to conclude no rate increase was imminent.

"Germany will raise rates by the end of year," said Marc Chandler, senior currency strategist at Deutsche Morgan Grenfell, "but there's no need to change rates now. Inflation is nonexistent, and the latest data have been on the soft side."

The dollar rose to 1.7665 DM in 4 P.M. trading from 1.7651 DM on Wednesday. In Germany, other Bundesbank officials suggested they were in no rush to raise the benchmark securities repurchase rate, now at 3.30 percent.

Oskar Issing, the central bank's chief economist and a nominee to the board of the European Central Bank, said the new bank would not sacrifice "growth or employment" for the sake of price stability. Interest rate increases can rein in growth and make it harder for European countries to create jobs.

"German officials have been trying to say there's no reason to raise rates immediately," said John McCarthy, manager of foreign exchange at ING Banking Capital Markets. "The market finally got the message."

Higher German rates would bolster the mark by giving a better return on bank-denominated deposits.

In other trading, the dollar also edged upward to 133.300 yen from 133.175 yen amid concern Tokyo might sell dollars to bolster its currency. Traders were concerned about intervention after the yen dropped along with Asian stocks and other currencies.

Plunging Japanese stocks hurt the yen because overseas investors who sell the equities often convert their yen proceeds into other currencies.

The dollar also rose to 5.9270 French francs from 5.9175 francs but slipped to 1.4730 Swiss francs from 1.4731 francs. The pound fell to \$1.6485 from \$1.6585.

Compiled by Our Staff From Dispatches

NEW YORK — Stocks fell Thursday as investors braced for U.S. unemployment report Friday that could show enough economic strength to prompt the Federal Reserve Board to raise interest rates.

The Dow Jones industrial average closed 77.97 points lower at 8,976.58, while the Standard & Poor's 500 index fell 9.78 points to 1,095.14. Declining issues outnumbered advancing ones by a 2-to-1 ratio on the New York Stock Exchange.

Investors speculated that the government report on monthly employment Friday would show an expanding job market, increasing the likelihood of higher borrowing costs for consumers and businesses.

"People are focused on the employment number," said Michelle Langhin, a bond strategist at Prudential Securities Inc. "It could lead to concern the Fed will take action sooner rather than later."

That concern also held back Treasury bond prices. The bench-

mark 30-year issue fell 4/32 point to 102 15/32, taking the yield up to 5.95 percent from 5.94 percent Wednesday.

Stock and bond investors also were discouraged by government data Thursday that showed that productivity of U.S. workers in the first

U.S. STOCKS

quarter increased at the slowest rate since the third quarter of 1996. Unit labor costs, meanwhile, rose 3.8 percent, the biggest increase since that same 1996 quarter.

Slower productivity suggests inflation may speed up because technological gains are bearing less of the burden of keeping costs in check in a buoyant economy.

"Productivity has been one of the special factors that the Fed has looked at countering inflation a bit," said Dan Seto, economist at Nikko Securities Co. International. "It looks like in this quarter, that factor is fading."

Alan Greenspan, the chairman of

the Federal Reserve Board, offered no clues about where interest rates were headed when he addressed an international banking conference in Chicago.

Chrysler was the most actively traded stock, rising 4 1/4 to 53 1/16 after agreeing to be acquired by Daimler-Benz AG of Germany in a stock swap.

Walt Disney fell 5 3/16 to 119 to drag down the blue-chips. Disney dropped after an analyst at Goldman, Sachs & Co. lowered his earnings estimate for the company because it was paying too much for rights to sporting events and had not released any blockbuster movies recently.

Mellon Bank fell 6 to 72 as investors took profit from a 10 percent gain Wednesday. The gain was fed by rumors that the bank, which has been feeding off a hostile takeover bid by Bank of New York, was discussing a deal with Chase Manhattan. Bank of New York has offered stock worth \$81 a share for Mellon.

Philip Services fell 1 7/16 to 6 1/8

16 after the Canadian metals and industrial services company announced a management shuffle and a first-quarter loss.

AT&T fell 1 1/16 to 57 1/4 after it introduced a wireless phone service that offers callers a fixed price anywhere in the United States.

Computer Learning Centers rose 2 1/4 to 16 1/4 after the computer-training company said the Illinois Board of Education had let the company's Schaumburg, Illinois, school resume marketing and enrollment activity, about a month after it placed the center under review.

SciClone Pharmaceuticals rose 29 3/32 to 4 1/4 after the company said a study by the National Institutes of Health said Zidaxin may decrease the formation of lung tumors.

Cubist Pharmaceuticals rose 1 1/4 to 5 1/16 after the company expanded a joint drug development program with Merck. The deal will provide Cubist with additional research funding, as well as potential milestone and royalty payments.

(Bloomberg, AP)

Very briefly:

• America Online Inc. earned \$18.6 million in the third quarter ended March 31, reversing a loss of \$4.7 million a year ago as revenue rose 54 percent, to \$693.6 million. The Internet service and content provider added 1.1 million subscribers for a total of 12 million and cut its marketing expenses to \$84.2 million from \$92.8 million in the quarter.

• AT&T Corp. introduced a plan that gives wireless telephone users a fixed price for all U.S. calls, eliminating charges for long distance and "roaming" out of a specific area.

• U.S. West Communications Group will sell long-distance phone services provided by Qwest Communications International Inc. as part of a marketing agreement covering U.S. West's 14-state territory and its 25 million subscribers.

• Chase Manhattan Corp. agreed to buy Morgan Stanley Dean Witter & Co.'s custody and clearing business for about \$600 million to improve profits in the low-margin business of processing trades and keeping track of investors' holdings.

• The United States will file complaints with the World Trade Organization and North American Free Trade Association against Mexico's imposition of punitive import duties on U.S. corn syrup.

Microsoft Asks End to Software Curb

WASHINGTON — Microsoft Corp. asked a federal appeals court Thursday to lift restrictions on the sale of Windows 95 to computer makers. Pressed for time, the company asked for a court ruling by next Friday.

In a motion filed in the U.S. Court of Appeals in Washington, Microsoft said restrictions that a federal judge placed because of antitrust concerns on the sale of Windows 95 "or any successor thereof" were "plainly improper."

Microsoft plans to offer the software to computer makers next Friday and wants to offer it at retail June 25. The operating system runs nearly all home computers.

Greenspan Calls Law a 'Mistake'

International Herald Tribune

NEW YORK — The Glass-Steagall legislation that separates the American banking and securities industries "was a mistake to begin with," Alan Greenspan, chairman of the Federal Reserve Board, said Thursday, but he added that he did not support banks' directly owning other kinds of companies.

Addressing a conference of the Federal Reserve Bank of Chicago, Mr. Greenspan said the banking issue pitted the Fed and the Securities and Exchange Commission, which generally want to expand the ability of banks to provide other financial services, against "the Treasury and its associated groups." A big part of the dispute is whether banks should be allowed to own other kinds of companies.

Because the banks benefit from government deposit insurance, Mr. Greenspan said, they can raise capital from the stock and bond markets more efficiently than other kinds of companies. Thus, "any self-respecting banker" would opt to make securities operations subsidiaries of the insured bank rather than an uninsured holding company, he said.

Compaq to Slash Jobs at Digital

By Laurence Zuckerman

New York Times Service

NEW YORK —

Compaq Computer Corp. will cut 15,000 jobs, or 28 percent of Digital Equipment Corp.'s workforce after Compaq completes its acquisition of Digital this year, an executive at one of the computer makers said.

The cuts, which have been expected since Compaq agreed in January to buy Digital for \$9.6 billion in cash and stock, will cost between \$1.5 billion and \$2 billion, according to a document filed Wednesday by Digital with the Securities and Exchange Commission. If completed, the merger would be the largest in the history of the computer industry.

Despite estimating the cost of the layoffs, neither company would confirm the elimination of 15,000 jobs. Even so, the executive, who requested anonymity, said, "It's a real solid number."

The expected cuts, which would



NEW MACINTOSH — Steve Jobs, Apple's interim chief, unveiling the iMac computer in California. It combines processing components and monitor in one unit and will cost \$1,299.

have been a devastating blow as recently as five years ago, aroused little concern in Massachusetts, where Digital has its headquarters.

A high-tech boom in the state has cut unemployment to 3.7 percent from 10 percent seven years ago. "If ever there was a time to be

looking for a job in Massachusetts, this is it," David Tibbets, the state's director of economic development, said Wednesday.

"Many high-tech companies are salvaging for those workers," Compaq, based in

Houston, is the world's largest maker of personal computers and is aiming to become a supplier of a full range of computers, from PCs to the powerful systems that companies use to run their businesses. Compaq is buying Digital, once a leading computer maker that stumbled in the PC era, primarily to acquire its services arm and sales force.

David Kafkale, a spokesman for Digital, said that the services division, which employs about 25,000 of Digital's 53,500 employees, would continue to be based in Massachusetts after the merger. But he and Rebecca Nahas, a Compaq spokeswoman, declined to say where the anticipated cuts would be made until after the deal is closed.

AMEX

Thursday's 4 P.M. Close

The 300 most traded stocks of the day, up to the closing on Wall Street.

The Associated Press.

Stock	High	Low	Latest	Change
IBM	124 1/2	124 1/8	124 1/8	+1/8
Microsoft	54 1/4	54 1/8	54 1/8	-1/8
Apple	42 1/2	42 1/8	42 1/8	-1/8
Oracle	38 1/4	38 1/8	38 1/8	-1/8
Amazon.com	18 1/4	18 1/8	18 1/8	-1/8
Yahoo	14 1/4	14 1/8	14 1/8	-1/8
Comcast	12 1/4	12 1/8	12 1/8	-1/8
Verizon	11 1/4	11 1/8	11 1/8	-1/8
AT&T	10 1/4	10 1/8	10 1/8	-1/8
Qwest	9 1/4	9 1/8	9 1/8	-1/8
Southwest	8 1/4	8 1/8	8 1/8	-1/8
Delta	7 1/4	7 1/8	7 1/8	-1/8
United	6 1/4	6 1/8	6 1/8	-1/8
Boeing	5 1/4	5 1/8	5 1/8	-1/8
Lockheed	4 1/4	4 1/8	4 1/8	-1/8
General	3 1/4	3 1/8	3 1/8	-1/8
Boeing	2 1/4	2 1/8	2 1/8	-1/8
Boeing	1 1/4	1 1/8	1 1/8	-1/8
Boeing	1/4	1/8	1/8	-1/8

U.S. STOCK MARKET DIARY

May 7, 1998

High Low Latest Chg. Opt.

Grains

CORN (CBOT)

May 79 1/2 79 1/4 79 1/4 -1/4

Soybean meal (CBOT)

May 25 1/2 25 1/4 25 1/4 -1/4

Soybean oil (CBOT)

May 23 1/2 23 1/4 23 1/4 -1/4

Soybean meal (CBOT)

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INTERNATIONAL FUTURES

May 7, 1998

High Low Latest Chg. Opt.

Grains

CORN (CBOT)

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Soybean meal (CBOT)

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NYSE

Thursday's 4 P.M. Close

The 2,600 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

12 Month High Low Stock Div Yld PE 100s High Low/Latest Chge

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CARESSING THE DAMASK COVERLET IN THE TEMASEK SUITE

he reflected misty-eyed on times past. Fifty years it had been since he had slept with his beloved wife in this very same suite. It had been their wedding night. How he wished she were there now. Half a century ago, and yet it seemed like yesterday. Tears sprang unbidden as recollections of their honeymoon, fresh as the Orchids on the bedside table, blossomed in his memory. The scent and soft colours of the room captured his reminiscences causing time to stand still. A gentle knock at the door roused him from his reverie. Opening it, he found a Bell Boy laden with shiny packages. 'Is everything all right, sir?' he politely enquired. 'Just thinking about my late wife' responded the gentleman, somewhat forlornly. 'I'm not that late!' chirped a voice in the corridor. And so skipped the lady in question, as girlishly as she had some fifty years before.

Raffles Hotel, 1 Beach Road, Singapore 109775. Tel: (65) 337-1886. Fax: (65) 339-7650. E-mail: raffles@pacific.net.sg
A RAFFLES INTERNATIONAL HOTEL

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ASIA/PACIFIC

Strife in Indonesia Could Delay a Debt Deal

By Michael Richardson
International Herald Tribune

SINGAPORE — Indonesia's increasing political and economic troubles will delay resolution of one of its most pressing problems — the restructuring of about \$80 billion in foreign debt owed by Indonesian companies — analysts said Thursday.

Representatives of Indonesian debtors and the international banks that have lent them money will meet in Tokyo from Friday to Sunday in work out a deal to reschedule payments. Such a deal would help get credit and trade moving again in the world's fourth most populous nation and restore investor confidence.

But economists said market fears of rising violence in Indonesia that caused a further sharp fall in the value of the rupiah Thursday would complicate negotiations. The dollar rose to about 10,000 rupiah, up 10 percent from Wednesday's close, before settling back to close in Asia at 9,500 rupiah after the central bank raised interest

rates by about 7.5 percentage points. "Social unrest will make the bankers cautious," said Raymond Lim, chief economist at ABN-AMRO Asia Securities Pte. "They will want to see whether President Suharto can hold the line on the IMF program."

The International Monetary Fund last month signed an agreement with Jakarta under which the government must implement a round of economic reforms in exchange for emergency loans of about \$43 billion.

Two previous agreements with Jakarta were aborted after Indonesia failed to honor their terms. Bankers are concerned that if the new agreement fails to strengthen the rupiah, Mr. Suharto may seek to defuse widespread anti-government anger by prematurely easing austerity measures.

The rupiah has fallen more than 70 percent against the dollar since July, leaving many Indonesian companies unable or unwilling to pay their foreign debts. The Indonesian central bank said last month that of the \$80.3 billion owed by companies, \$8.9 bil-

lion was owed by private banks and \$58.79 billion by other corporations. "Some analysts said Indonesian companies would use the unrest and looming recession in Indonesia as leverage to try to gain major concessions from creditor banks, including large-scale debt forgiveness."

Aburizal Bakrie, chairman of the Indonesian Chamber of Commerce and Industry, said recently that he expected foreign lenders to grant an average 30 percent to 40 percent reduction in Indonesia's debt.

David Roche, managing director of Independent Strategy, a global investment research consultancy based in London, said banks with loans outstanding in Indonesia would eventually have to write off as much as 80 percent of the loans.

"Of course, they will avoid telling you this at any cost," he said. "But in real terms, by the time they get paid, it won't be more than 20 or 30 cents in the dollar. Frankly, there is no reason they should get more. They made bad loans. They knew what the risks were, or if

they didn't, they weren't competent." Analysts estimate that Japanese banks account for as much as 40 percent of the foreign lending to Indonesian firms. Other major creditors are German, U.S., French, South Korean, Hong Kong and Singapore banks.

Although the debt is spread among more than 1,000 companies, some Indonesian economists say that about 50 of the largest business groups — nearly all of which have close ties to Mr. Suharto's government — account for most of the money owed.

"Private-sector debt write-offs and rescheduling on a massive scale are inevitable eventually," Dresdner Kleinwort Benson research, a unit of Germany's Dresdner Bank, advised clients in a recent memo on Indonesia. But it will take months, at the very least, in negotiation and will be impossible while today's political uncertainty prevails. Without write-downs, there can only be massive defaults — even in the unlikely event that the rupiah recovers to 5,000 to a U.S. dollar.

Warning For China's Economy

Agence France-Press

SYDNEY — China's economy faces massive problems, with its financial system at risk as weak Asian currencies threaten export growth, the chief economist of the country's central bank said in a paper delivered on his behalf at a conference here Thursday.

"The government has very good reasons to worry about the problems in the economy and the effects they may cause, if not dealt with properly," wrote Yi Gang, chief economist of the People's Bank of China.

Mr. Yi was not at the conference, although he was listed on the program as the speaker. Organizers said he had been unable to get to the conference.

China, the only large economy in the region that is still posting high growth rates, has so far escaped most effects of the financial crisis in East Asia, but Mr. Yi said it had "sounded an alarm" to policymakers. While tight economic policies have slowed its economy, he said, China is being undercut on the price front by Southeast Asian countries, making its exports less attractive on the world market.

Problems facing Beijing include a slowdown in demand, rising real interest rates, soaring unemployment, loss of competitiveness and bad loans, Mr. Yi said.

In the first quarter of 1998, China's exports grew 13.2 percent, but its exports to Asia increased just 4.2 percent over the same period the previous year.

Jiang Is Confident

China does not fear export competition from Southeast Asian countries whose currencies have crumbled in the regional financial crisis, President Jiang Zemin said, according to a Reuters dispatch from Beijing.

Mr. Jiang said China's first-quarter trade figures indicated that the crisis "has not had a profound impact on our export ability."

Investor's Asia

Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong Hang Seng	13000	9,971.82	10,109.14	-1.36
Singapore Straits Times	2000	1,428.50	1,448.40	-1.37
Tokyo Nikkei 225	17000	2,760.80	2,768.00	-0.26
Kuala Lumpur Composite	500.00	585.63	584.82	+0.98
Bangkok SET	300.00	383.95	383.38	+0.15
Seoul Composite Index	370.00	378.47	376.23	+0.59
Taipei Stock Market Index	8,200.00	8,290.37	8,385.64	-0.42
Manila PSE	2,100.00	2,189.97	2,211.13	-0.96
Jakarta Composite Index	4,300.00	4,367.78	4,146.25	+5.34
Wellington NZSE-40	2,200.00	2,226.55	2,211.13	+0.68
Bombay Sensitive Index	4,000.00	4,069.79		

Source: Reuters

International Herald Tribune

Critics Pan Chaebol Restructuring

By Don Kirk
International Herald Tribune

SEOUL — Three of South Korea's five largest industrial groups announced restructuring plans Thursday, but the proposals drew more criticism than cheers from financial analysts.

Hyundai Corp., LG Group and SK Group, the country's largest and fourth-largest and fifth-largest conglomerates, said they were seeking a total of \$20 billion in foreign investment while drastically cutting down their sprawling groups.

"It's window dressing," said Richard Samuelson, manager of the SBC Warburg investment office here. "They're talking about merging affiliates with affiliates and forming bigger affiliates, so all you change is the name plaque on the door."

The three conglomerates, or chaebol, announced restructuring plans a day after Samsung Co., the second-largest chaebol in terms of assets, said it was looking for \$5 billion in foreign investment while downsizing to several "core" fields.

A number of other chaebol were expected to announce plans soon in response to the government's demands for point-by-point proposals to cut back on hundreds of billions of dollars in debts that have plunged the economy into crisis since last fall.

Hyundai said it would seek \$8.5 billion in foreign investment, while LG and SK set their sights on \$6.5 billion and \$5 billion, respectively.

The International Monetary Fund demanded that the chaebol get rid of unprofitable entities when it put together a nearly \$60 billion rescue package in December.

Analysts cited the failure of the chaebol to produce significant restructuring plans as one factor behind the decline of the South Korean stock market the last two weeks. The market's main index closed Thursday at 379.47, up 3.24 points from the day before, but it has generally been on a downward slide, partly spurred by labor unrest.

"They didn't do anything, did they?" said Dan Harwood, regional director of ABN-AMRO Asia Ltd., when asked his view of the restructuring plans. "It's nothing as far as I'm concerned. It's just reiterating what everybody already knows. They're just making announcements."

As the central point of Hyundai's restructuring, a spokesman, Lee Yong Gil, cited a plan to separate nine subsidiary companies from "core" companies including construction, motor vehicles, shipbuilding, finance and petrochemicals.

He conceded that Hyundai announced a similar plan five years ago

but had not carried it out after an initial burst of publicity. He also acknowledged that sons and relatives of Hyundai's founder and honorary chairman, Chung Ju Yung, would remain in charge of companies that were no longer technically part of the group.

Some said the government wanted to demonstrate progress in restructuring but was reluctant to exert greater pressure on the chaebol until after provincial and mayoral elections June 4.

President Kim Dae Jung "has got to get political control," said a foreign securities analyst, who requested anonymity. "The government is pressuring for statements, but nobody wants to rock the boat until after the elections. Then it'll be a summer of discontent."

The need for political calm was such that Hyundai Motor Co. disavowed reports that it was planning to lay off 20 percent of its 45,000 employees. "Those are just stories," said Frank Shin, the company's public-affairs director.

As a portent of the type of labor strife feared by the industry, about 5,000 workers went on strike at Mando Machinery Co., which makes parts for Hyundai and other manufacturers. Mando is one of the few profitable entities of the Halla Group, most of whose key companies are in some stage of bankruptcy.

Sony Gets a Lift From Box Office

The Associated Press

TOKYO — Sony Corp. said Thursday its earnings rose 59 percent in its latest year, partly on a strong showing at the box office and increased sales of its PlayStation video-game machine.

But the company forecast that profit would decline in the current year, partly because of an expected slowdown in sales in Asia.

Sony's net profit for the year ended March 31 was 222.07 billion yen (\$1.67 billion), up from 139.46 billion yen a year earlier. Sales climbed 19.3 percent, to 6.76 trillion yen.

The success of movies such as "Men in Black" and "Air Force One" and of television's "Seinfeld" helped raise revenue at the Sony Pictures unit by 47 percent, to 643.16 billion yen.

Sony sold 19 million PlayStation games during the year, more than double the previous year's total. Overall, sales in the game division rose 72 percent, to 722.56 billion yen.

Sony's movie and game divisions showed the fastest growth rates, but the company still earned most of its revenue from consumer electronics. Sales in that division rose 13.5 percent, to 4.69 trillion yen.

TOYS: China's Edge

Continued from Page 13

Mrs. Lam, for example, said that having the factory in Shenzhen and headquarters in central Hong Kong, about an hour away by local train, allowed the company to tap southern China's cheap labor market but also keep in touch with the latest market developments in Europe and Japan.

"Most of our clients deal directly with Hong Kong, where all the staff speaks English, and then they pass along the orders to us in the factory," Mrs. Lam said. "If clients need to verify something, they can just come up from Hong Kong."

In addition to the commuter trains and ferry already in service, a high-speed rail link will soon be opened between Shenzhen and Hong Kong.

These transportation links also mean that factories in Shenzhen are within easy reach of Hong Kong banks, management consultants and the territory's highly trained labor force.

"If bankers want to inspect a project where a loan is going, it is very easy to go up across the border and see it themselves," said Jan Lee, chief economist at Hong Kong & Shanghai Banking Corp. "Being near a regional financial center can be very important at times of uncertainty like right now."

Mr. Lee added that while many Southeast Asian countries were entering an era of tight credit for the first time in a decade, Shenzhen had been under an austerity program since 1986.

Somjai Phagphasvivat, an economist at Bangkok's Thammasat University, warns that if businesses in Southeast Asia follow the Thai example, they will make few of the changes necessary to take maximum advantage of the devaluation of their local currencies.

Multinational toymakers say the advantages offered by Shenzhen factories outweigh the short-term effect of devaluation in Southeast Asia.

"We have half our factories in China, mostly around Shenzhen, and the rest spread throughout Asia," said the head of Asian manufacturing at one of the largest U.S. toy manufacturers. "We would invest more in China, but we want to avoid the risk of concentrating too much in one country."

FLY: Economic Turmoil Forces Asian Airlines to Restructure and Look for Partners

Continued from Page 1

European airlines that are looking to Asia for partners to strengthen their international networks. We are moving toward a world dominated by a handful of global airline groups that many Asian carriers will join, although they may retain their national identities.

Under pressure to reduce debt, Thai Airways International PCL. and Philippine Airlines Inc. recently said they were prepared to offer substantial equity stakes to foreign airline partners.

All Nippon Airways Co. in Japan has said it will enter into separate wide-ranging commercial alliances this year with Deutsche Lufthansa AG and UAL Corp.'s United Airlines.

Hong Kong-based Cathay Pacific Airways Ltd. is re-

portedly in talks with British Airways PLC that could lead to a similar alliance and help feed some of the British carrier's passengers to Cathay Pacific. Analysts said such an accord probably would be expanded to include AMR Corp.'s American Airlines, Japan Air Lines Co. and Qantas Airways Ltd.

"The whole drive behind these tie-ups is economies of scale," Mr. Magee said. "The bigger you are, the more power you have in the market."

Until its currency crisis exploded last July, East Asia was the fastest-growing area in the world for commercial air travel. Major operators in the region — most of them designated by their governments as national flag carriers — vied to enlarge and modernize their fleets, banking on a continued boom.

In the first half of 1997, air passenger growth in Asia expanded 7.3 percent, compared with 4.5 percent worldwide. But it grew just 1.3 percent in the second half of the year and is expected to decline in 1998 as companies and individuals hit by the economic downturn cut air travel.

In a recent report, Moody's Investors Service Inc. warned that the Asian crisis would undermine the financial strength of airlines that were heavily dependent on intra-Asian air traffic, which it said was down as much as 60 percent from a year earlier on some routes.

Moody's said the carriers most vulnerable to the crisis included Thai Airways International, Garuda Indonesia PT, Philippine Airlines, Malaysian Airline System Bhd., Korean Air Lines Co. and Asiana Inc.

The currencies of Thailand, Indonesia, the Philippines, Malaysia and South Korea have lost as much as 70 percent of their value against the U.S. dollar since July.

Moody's said that many Asian airlines were in growing financial difficulty because much of their revenue was in local currencies while they had to pay for aircraft and fuel in dollars.

As a result, virtually all major carriers in the region are trying to cut costs by joining commercial alliances with other airlines, dropping unprofitable routes, canceling or delaying aircraft orders, selling some planes and leasing instead of buying others, retrenching staff and disposing of noncore assets.

For example, Malaysian Airline System suspended services on five international

routes last month and decided to lease eight of its Boeing 737 aircraft.

In the most recent move by an Asian airline to bring in a foreign partner, Thailand — under pressure from the International Monetary Fund to get rid of unprofitable state companies — has agreed to privatize Thai Airways, initially by offering a foreign airline a 25 percent equity stake.

Singapore Airlines said this week that it had expressed interest in buying a stake.

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Thursday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

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Thursday's 4 P.M. Close
(Continued)

4-Month High	Low	Stock	Div Yield	P/E	S&P 100	High	Low	Latest	Change
20.94	14.95	Northern			165	20.94	15.00	15.00	0.00
22.14	15.14	Northern			165	22.14	15.14	15.14	0.00
23.34	16.34	Northern			165	23.34	16.34	16.34	0.00
24.54	17.54	Northern			165	24.54	17.54	17.54	0.00
25.74	18.74	Northern			165	25.74	18.74	18.74	0.00
26.94	19.94	Northern			165	26.94	19.94	19.94	0.00
28.14	21.14	Northern			165	28.14	21.14	21.14	0.00
29.34	22.34	Northern			165	29.34	22.34	22.34	0.00
30.54	23.54	Northern			165	30.54	23.54	23.54	0.00
31.74	24.74	Northern			165	31.74	24.74	24.74	0.00
32.94	25.94	Northern			165	32.94	25.94	25.94	0.00
34.14	27.14	Northern			165	34.14	27.14	27.14	0.00
35.34	28.34	Northern			165	35.34	28.34	28.34	0.00
36.54	29.54	Northern			165	36.54	29.54	29.54	0.00
37.74	30.74	Northern			165	37.74	30.74	30.74	0.00
38.94	31.94	Northern			165	38.94	31.94	31.94	0.00
40.14	33.14	Northern			165	40.14	33.14	33.14	0.00
41.34	34.34	Northern			165	41.34	34.34	34.34	0.00
42.54	35.54	Northern			165	42.54	35.54	35.54	0.00
43.74	36.74	Northern			165	43.74	36.74	36.74	0.00
44.94	37.94	Northern			165	44.94	37.94	37.94	0.00
46.14	39.14	Northern			165	46.14	39.14	39.14	0.00
47.34	40.34	Northern			165	47.34	40.34	40.34	0.00
48.54	41.54	Northern			165	48.54	41.54	41.54	0.00
49.74	42.74	Northern			165	49.74	42.74	42.74	0.00
50.94	43.94	Northern			165	50.94	43.94	43.94	0.00
52.14	45.14	Northern			165	52.14	45.14	45.14	0.00
53.34	46.34	Northern			165	53.34	46.34	46.34	0.00
54.54	47.54	Northern			165	54.54	47.54	47.54	0.00
55.74	48.74	Northern			165	55.74	48.74	48.74	0.00
56.94	49.94	Northern			165	56.94	49.94	49.94	0.00
58.14	51.14	Northern			165	58.14	51.14	51.14	0.00
59.34	52.34	Northern			165	59.34	52.34	52.34	0.00
60.54	53.54	Northern			165	60.54	53.54	53.54	0.00
61.74	54.74	Northern			165	61.74	54.74	54.74	0.00
62.94	55.94	Northern			165	62.94	55.94	55.94	0.00
64.14	57.14	Northern			165	64.14	57.14	57.14	0.00
65.34	58.34	Northern			165	65.34	58.34	58.34	0.00
66.54	59.54	Northern			165	66.54	59.54	59.54	0.00
67.74	60.74	Northern			165	67.74	60.74	60.74	0.00
68.94	61.94	Northern			165	68.94	61.94	61.94	0.00
70.14	63.14	Northern			165	70.14	63.14	63.14	0.00
71.34	64.34	Northern			165	71.34	64.34	64.34	0.00
72.54	65.54	Northern			165	72.54	65.54	65.54	0.00
73.74	66.74	Northern			165	73.74	66.74	66.74	0.00
74.94	67.94	Northern			165	74.94	67.94	67.94	0.00
76.14	69.14	Northern			165	76.14	69.14	69.14	0.00
77.34	70.34	Northern			165	77.34	70.34	70.34	0.00
78.54	71.54	Northern			165	78.54	71.54	71.54	0.00
79.74	72.74	Northern			165	79.74	72.74	72.74	0.00
80.94	73.94	Northern			165	80.94	73.94	73.94	0.00
82.14	75.14	Northern			165	82.14	75.14	75.14	0.00
83.34	76.34	Northern			165	83.34	76.34	76.34	0.00
84.54	77.54	Northern			165	84.54	77.54	77.54	0.00
85.74	78.74	Northern			165	85.74	78.74	78.74	0.00
86.94	79.94	Northern			165	86.94	79.94	79.94	0.00
88.14	81.14	Northern			165	88.14	81.14	81.14	0.00
89.34	82.34	Northern			165	89.34	82.34	82.34	0.00
90.54	83.54	Northern			165	90.54	83.54	83.54	0.00
91.74	84.74	Northern			165	91.74	84.74	84.74	0.00
92.94	85.94	Northern			165	92.94	85.94	85.94	0.00
94.14	87.14	Northern			165	94.14	87.14	87.14	0.00
95.34	88.34	Northern			165	95.34	88.34	88.34	0.00
96.54	89.54	Northern			165	96.54	89.54	89.54	0.00
97.74	90.74	Northern			165	97.74	90.74	90.74	0.00
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100.14	93.14	Northern			165	100.14	93.14	93.14	0.00
101.34	94.34	Northern			165	101.34	94.34	94.34	0.00
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103.74	96.74	Northern			165	103.74	96.74	96.74	0.00
104.94	97.94	Northern			165	104.94	97.94	97.94	0.00
106.14	99.14	Northern			165	106.14	99.14	99.14	0.00
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115.74	108.74	Northern			165	115.74	108.74	108.74	0.00
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120.54	113.54	Northern			165	120.54	113.54	113.54	0.00
121.74	114.74	Northern			165	121.74	114.74	114.74	0.00
122.94	115.94	Northern			165	122.94	115.94	115.94	0.00
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125.34	118.34	Northern			165	125.34	118.34	118.34	0.00
126.54	119.54	Northern			165	126.54	119.54	119.54	0.00
127.74	120.74	Northern			165	127.74	120.74	120.74	0.00
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185.34	178.34	Northern			165	185.34	178.34	178.34	0.00
186.54	179.54	Northern			165	186.54	179.54	179.54	0.00

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WORLD ROUNDUP

Sammer Out of Cup

WORLD CUP Matthias Sammer, a former European player of the year, said he would not play for Germany in the World Cup because of a lingering knee injury.

In his absence, Olaf Thon has played as libero. But Thon has damaged ankle ligaments and Bert Vogel, the national coach, has said he might recall Lothar Matthaus, 37, a former team captain.

• Ilia Gruev, a Bulgarian midfielder, is likely to miss the World Cup finals in France after testing positive for anabolic steroids. Bulgarian officials said.

• The last ticket for the World Cup was sold Thursday at 6 P.M. by telephone. Officials said 170,000 tickets had been sold since April 22 when they opened phone sales to European fans. Officials said the lines received 20 million calls. (AP, AFP, Reuters)

Player Banned for Lying

SOCCER Oliver Held, a midfielder for Schalke, was suspended by the German soccer federation Thursday for lying to a referee. Who Held scored against Cologne on April 29, the referee asked him if he used his hand. Held said he had headed the ball and the referee allowed the goal. Schalke won, 1-0. Television replays showed Held had indeed used his hand. The federation said it had suspended Held until May 19 for "unsportsmanlike behavior" for lying. (AFP)

Bail Enters Clinic

ICE SKATING Oksana Baiul, the former Olympic champion, has checked into a clinic to treat her drinking problem. Shelly Schultz, a spokesman for the skater, said Thursday that Baiul, 20, volunteered to enter a center founded by Alcoholics Anonymous. (AP)

Luyt Refuses to Resign

RUGBY UNION Louis Luyt refused Thursday to resign as president of the South African Rugby Football Union, deepening a confrontation with the country's government over the sport's failure to become multiracial.

South Africa's National Sports Council has demanded that Luyt resign. SARFU's executive council voted narrowly Thursday not to force Luyt to go but to allow him to resign voluntarily, which he refused to do. The committee did vote, against Luyt's wishes, to apologize to Nelson Mandela for involving him in its court case against the Sports Council. After the meeting the four black committee members resigned. There are no black players in the South African national team. (AFP, AP, Reuters)

Two Spaniards Lead

GOLF Miguel Martin and Santiago Luna, both Spaniards, hit five-under-par 67s Thursday in the first round of the Balearic Open in Palma, Majorca. (Reuters)



Anders Forsbrand lining up a putt in Palma on Thursday.

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Serena Williams preparing to serve to Conchita Martinez on Thursday.

Victories Bring Sisters Closer

Serena and Venus Williams Must Face Each Other in Italian Open

By Christopher Clarey
International Herald Tribune

ROME — Oracene Williams wore a warmup suit and sneakers to the Italian Open on Thursday, which was altogether appropriate.

Keeping up with her gifted daughters at the Foro Italico was no sedentary task. When the round-of-16 began at 1 P.M., Serena Williams was on center court to play four-time Italian Open champion Conchita Martinez. Meanwhile, older sister Venus was on the grandstand court to play Alexandra Fusai, the Frenchwoman who had upset No. 2 seed Jana Novotna the previous afternoon.

While Venus and Serena dashed across the red clay, Oracene dashed across the concourse attempting to stay abreast of developments.

"I think I covered more ground than they did," Oracene said. On Friday, Mrs. Williams can remain seated. Venus and Serena both won in straight sets, and will play each other in the quarterfinals. It will be their second meeting as professionals. The first came in the second round of the Australian Open, which Venus won, 7-6 (7-4), 6-1, in a match that featured many more errors than magical moments.

"We haven't talked about that match except to say that we both played hard," Venus said after her 6-1, 6-1 victory over Fusai. "I guess it's kind of like I'm playing me a little bit even though we're different. Someone else doesn't play with me so often and live with me."

Serena was in a more playful mood: "Actually I wanted to see Venus's match today to do some scouting, but I finished a little later than she did, so I'm

not really sure how she plays," she said, having a much harder time suppressing a giggle than she did suppressing Martinez, 6-2, 6-2.

Venus, 17, and Serena, 16, are roommates in Rome. They were practice partners long before they were teenagers, and they were doubles partners on Thursday shortly after finishing their singles matches. Venus smashed her sister in the back with a big first serve late in the second set of their victory, but it was purely coincidental. "I was trying to go for a wide one," Venus said.

It was her first faux pas since she and Serena arrived in Rome to play in this venerable claycourt event for the first time. They have had a glimpse of the Coliseum and are planning a visit to the Vatican to view the Sistine Chapel.

On court, the sisters have been all business. Neither has lost a set. Serena has had the much tougher draw thus far, beating 11th-seeded Nathalie Tauziat, 7-5, 6-0, in the first round and then dominating Martinez, the seventh-seeded Spaniard.

Serena, ranked 31st, has beaten six members of the top 10 in her short career, and this was one of her more impressive victories, coming against a player who thrives on clay and won this tournament four straight times before losing in last year's final. But while Martinez plays traditional claycourt tennis, using heavy topspin off her forehand and frequently stationing herself far behind the baseline, Serena is an utterly modern player who hits the ball early and with remarkable power. She dictated the pace from the outset and frequently hit winners off Martinez's soft second serve, standing nearly five

feet inside the baseline to receive it. Her run in Rome is all the more remarkable considering that this is Serena's first claycourt tournament, although she does have a green clay court at her family's home in Florida.

"Red clay is a little different than green," she said. "I tell myself clay is my favorite surface, and when I get to Wimbledon, I'll say grass is my favorite surface."

Monica Seles is also thinking positively, and though she lost, 6-2, 4-6, 7-5, to France's Sandrine Testud, on Thursday, she has lost weight and gained enthusiasm in recent weeks. She also has a new coach in Gavin Hopper, who previously transformed Amanda Coetzer into the paragon of focus and fitness. Hopper said Seles told him she wants to be number one again, and though number one players rarely double fault seven times in the third set (as Seles did Thursday), she has regained punch on her groundstrokes.

Anna Kournikova beat reigning French Open champion Iva Majoli, 6-3, 3-6, 6-2, and No. 1 seed Martina Hingis beat Irina Spirlea, 6-1, 6-2. Kournikova and Hingis will play in the quarterfinals, as will Arantxa Sanchez Vicario and the American Lisa Raymond. Testud will meet the winner of Thursday's late match between Mary Pierce and another of the tour's young women in a hurry: Mirjana Lucic of Croatia.

But Lucie, all of 16, will have to hurry to keep up with the Williams sisters, who have a world of ability and don't mind admitting it.

"I don't think Serena and I have any weak points," Venus said. "I think you just have to hope we play bad."

For Ronaldo, a Fitting Preliminary

Gearing Up for World Cup, Brazilian Leads Inter Milan to UEFA Title

By Peter Berlin
International Herald Tribune

PARIS — Ronaldo certainly likes Paris in the springtime. Will he enjoy himself as much when he comes back for a longer stay this summer?

Ronaldo was one of three South Americans who scored on Wednesday night as Inter Milan beat Lazio of Rome, 3-0, in the UEFA Cup final at the Parc des Princes. The two Italian clubs provided an entertaining, absorbing match. The three goal scorers, among others, provided a taste of what is to come in the World Cup finals, which start June 10 and include five games to be played at the Parc.

On the way to the final, Lazio conceded only three goals, all of which were scored when it had the match well in hand. But against Inter, Lazio's defense held up for only five minutes.

Diego Simone of Argentina, a midfielder, chipped the ball forward and the defense stood and watched as Ivan Zamorano, a Chilean, ran forward and coolly poked the ball past the Lazio goalie, Luca Marchegiani.

Zamorano, 31, is a star who has been eclipsed in the past 10 months by younger men. In Milan he has become part of Ronaldo's supporting cast.

He will start for Chile in the World Cup, but he is no longer the chief hope

of his nation. That role now belongs to Marcelo Salas, 23, who will join Lazio next season. Zamorano scored nine goals for Chile in qualifying matches, but since last July "Ivan the Terrible" has not scored for Chile while Salas has eight goals.

On Wednesday, in the big game, Zamorano took his chance with relish. At the start of the second half, he again broke clear of the Lazio backline, but this time, attempting to finish in style, he lashed his shot against the base of the goalpost.

Zamorano set up the second goal, playing the ball into the stride of Javier Zanetti, an attacking defender who will be on Argentina's World Cup squad. Zanetti, 20, meters from the goal, slammed the ball against the underside of the crossbar and into the back of the Lazio net.

Ronaldo, meanwhile, started quietly but finished strongly, breaking away himself in the 71st minute, skipping round Marchegiani and scoring Inter's third goal. Over the length of the game, Ronaldo displayed the full range of his virtues — and his vices.

He can shoot; he hit the Lazio post with a swerving shot from far out in the first half. He is skillful; he exchanged some rather showy passes with Youri Djorkaeff in the first half. He is also fast and strong and, above all, brave.

Ronaldo's signature is the hursting

run at a crowded defense, slaloming past some would-be tacklers, crashing through others, and leaving a trail of opponents gasping in his wake. He must be infuriating to play with, because even when he has drawn practically every defender to him and is completely surrounded, he is deeply reluctant to pass to unguarded teammates.

His appetite for this style of attack takes both physical and mental courage. Mental because even Ronaldo cannot beat the whole defense every time he touches the ball, physical because opponents — like Lazio on Wednesday — will foul Ronaldo rather than let him break free. The punishment he takes is frightening. At 21, Ronaldo has already had knee surgery to repair a damaged cartilage.

In the end on Wednesday, Matias Almeyda was sent off for tripping Ronaldo, but it could have been almost any Lazio defender.

Indeed, the villainy was not all on Lazio's part. One key to the game was the battle — and a battle it truly was — between Pierluigi Casiraghi, Lazio's center forward, and Taribo West, the Nigerian defender guarding him.

Casiraghi, a stalwart of Italy's national team, lacks the flair and pace of Ronaldo or Zamorano, but he is strong, hard-working and a good header of the ball.

Lazio, playing without Alen Boksic, its Croatian star, had no choice but to try



Ronaldo waving a Brazilian flag after Inter Milan beat Lazio of Rome.

to hit cross balls to Casiraghi. As Lazio laid siege to the Inter goal in the first half, Casiraghi fought West for position, and an ugly fight it was. Elbows and boots flew, clenching hands tore at shirts and shorts, tongues and fingers wagged. Casiraghi seemed to play much of the game in a distracted fury.

Although he won the final battle, when West was sent off for throwing a punch. West won the war, limiting

Casiraghi to one weak strike on goal. It was a timely reminder that the World Cup will not just be a stage for the Ronaldos and Zamoranos but for the Taribo Wests, too.

Those soccer people complaining about plans to punish foul play more ruthlessly in the World Cup should watch a video of what Ronaldo did to endure, and what West inflicted in a typical evening's work.

Stirring Words About Johansson Said Plenty About Havelange

International Herald Tribune

ISLAMABAD — The journeys we make can map out our life, affect our outlook. For some days now, the United Nations' International Labor Office has steered a group of us through Pakistan, where two-thirds of the world's soccer balls are made, some of them by children too poor and too busy stitching to know how to play or to have any clue about how Ronaldo or Alessandro Del Piero make millions using the balls.

Del Piero, we hear, is to get the \$4-million-a-year contract his agent seeks to keep him at Juventus. He knows where he is going, but our subcontinental mission is incomplete. The balls, the boys and the harrowing sight of death by the roadside will form another story on another day.

But there is time to relate an intriguing ride shared by Joao Havelange and Lennart Johansson, the two most powerful presidents in the international business of soccer.

However much they may diplomatically pretend otherwise, they do not like, trust or respect one another. Havelange, president of FIFA, world soccer's governing body, has been doing his damndest to try to prevent Johansson, head of the European confederation UEFA, from succeeding him.

The enmity has at times been unspurring, un-diplomatic, unparalleled. Havelange has built FIFA into a monstrously influential world organization. It has more member countries than the

World Soccer/ROB HUGHES

United Nations and more wealth than the Vatican. It is also highly secretive. Only Havelange and possibly his administrative lieutenant, Sepp Blatter, know how television and marketing deals worth billions of dollars were cut.

Blatter announced last month that he would oppose Johansson for the presidency when Havelange, 83, is obliged to move out on June 8. Blatter has vacated his seat as FIFA general secretary to fight the fight against Johansson — and vows never to return in that secondary role. It is power and glory, all or nothing, now.

In essence, Blatter has begun setting out policies remarkably similar to Johansson's long-published manifesto, rather than continuing all that the autocrat Havelange did in his 24-year reign; FIFA members are being offered continuity of a kind under Blatter or a complete change under Johansson.

It is in spelling out his aims — to democratize FIFA, to lead with transparency and accountability — that Johansson reveals disrespect for Havelange. Yet, though the two men know the lengths Havelange has gone to in every corner of the globe to find a preferred successor other than the Swede, they embraced, kissed on the cheeks and dined in apparent affability with Ireland's head of state, Bertie Ahern, in Dublin last week.

The public front began at Dublin airport where Johansson, as host to the UEFA congress, waited to greet Havelange's flight from Brazil. The first embrace, the first pecking of cheeks and then the drive not many miles but a long hour in traffic, the loneliness of the two sharing a back seat behind a young Irish Army transport regiment driver.

Since Havelange prefers to conduct international business in French and Johansson in English, few secrets will have been gleaned by the chauffeur. But after the pleasantries came the politicking. Havelange, an inveterate collector of awards, journeyed to Ireland to receive UEFA's major accolade, the Order of Merit in Diamond. Another show of courtesies, another effort at bonhomie.

However, keeping up appearances did not long survive the congress. Speaker after speaker addressed the presidency, past and future. Not one managed, in five and a half hours' fulminating on Johansson's qualities, to speak the name of Blatter, the "other" European candidate.

Some, of course, paid tribute to Havelange. Yet there were stings and by no means all from the 51 nations of Europe, which, except for Denmark, signed a letter months ago to vote in Johansson.

For Africa, whose support Havelange wooed and won to gain the presidency those 24 years ago, came Issa Hayatou, not merely to confirm that his continent solidly supported Johansson, but to chastise Havelange. The turning point, said Hayatou was

when Havelange unilaterally, as was his way, took a world youth championship away from Nigeria.

In more than five hours of continuous praise of Johansson and mild asides about the past, one figure clearly shook the unshakable Havelange. Pele, his countryman and until last week Brazil's sports minister, appeared on two huge screens right before Havelange's gaze.

"I support Lennart," said Pele. "I tell all my friends — the African people — that we want to see change. I am going to try to get support in America, too."

"We have to give the game more democracy, we have to have transparency in the leadership. I have known many leaders, prime ministers, presidents, kings and queens, but I never met anyone with the enthusiasm and the trust of Lennart Johansson."

Pele, who brought a parliamentary hill against corruption in Brazilian soccer (where Ricardo Teixeira, son-in-law of Havelange is president), has an insider's reason to speak against the present regime. Nevertheless it was a significant and humiliating public moment in the presidential debate.

We will doubtless get more, for as Henry Kissinger said when failing to persuade FIFA to grant the United States the 1990 World Cup: "The politics of FIFA make me nostalgic for the Middle East."

Rob Hughes is on the staff of The Times of London.

Wood Astros With Record Strikeouts

By Murray Chass
The Chicago Cubs' ace pitcher, R. W. Lee, was the first to reach the 100-strikeout mark in the National League this season. Lee, who has been the Cubs' ace pitcher since 1994, has struck out 100 batters in 10 games. Lee's record-breaking performance came in a 6-1 victory over the Pittsburgh Pirates on Thursday night. Lee's 100th strikeout came in the bottom of the eighth inning, when he struck out Mike Lieke. Lee's record-breaking performance came in a 6-1 victory over the Pittsburgh Pirates on Thursday night. Lee's 100th strikeout came in the bottom of the eighth inning, when he struck out Mike Lieke.

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SPORTS

Cubs' Wood Stuns Astros With Record 20 Strikeouts

By Murray Chass
New York Times Service

At the Chicago Cubs' organizational meeting in November, club officials were discussing the timetable for Kerry Wood, a highly regarded pitcher in their minor league system. "He's going to tell us when he's ready," said Lester Stoude, the minor league pitching coordinator.

After only one start at Iowa of the Pacific Coast League, Wood showed

NL Roundup

last month he was ready for the major leagues, and the Cubs promoted him. On Wednesday, he showed he was ready to take off on a potentially great major league career.

In only his fifth major league start, the 20-year-old Wood gained his first complete game and his first shutout. In beating the Houston Astros, 2-0, at Wrigley Field, he missed pitching a no-hitter, allowing only a tainted infield single.

And, oh, yes, he struck out 20 batters — breaking the National League record and tying the major league record for strikeouts in a nine-inning game.

"Arguably, it's about as well pitched a game as there has been in the history of baseball," said Andy MacPhail, the Cubs' president, who is not given to hyperbole. "An infield hit, no walks, 20 strikeouts, and you had it against the team that is the second-most prolific scoring team in the National League."

What else was there to expect from a kid whose role models, when he was growing up in Texas, were fellow Texas Rangers Clemens and Nolan Ryan?

Wood, who wears the No. 34 that Ryan made famous in a career in which he struck out a record 5,714 batters, matched the single-game nine-inning record Clemens set against Seattle in 1986 and tied against Detroit 10 years later. When Wood struck out Derek Bell, the last Astros batter, he eclipsed the National League mark shared by the pitching luminaries Steve Carlton (1969), Tom Seaver (1970) and David Cone (1991).

"That's the greatest thrill anyone could be associated with," Wood said,



Kerry Wood firing a pitch against the Astros, who managed just one hit.

after the game, referring to Clemens, a pitcher with whom he also shares agents, the Hendricks brothers of Houston.

His strikeout total overshadowed his near no-hitter. Ricky Gutierrez, the leadoff batter in the third inning, hit a ground ball a few feet to the left of the Cubs' third baseman, Kevin Orie, and the ball deflected off the heel of Orie's glove for what the official scorer said was a single.

Craig Biggio was the Astros' only other baserunner, reaching first in the sixth inning when Wood hit him on the arm with a curveball.

Dave Clark, in the second inning, and Bell, in the fourth, were the only Astros batters to hit the ball into the outfield.

Wood, who was the fourth player selected in the 1995 draft, struck out the side in four innings — the first, fifth, seventh and eighth — and struck out two batters in each of three innings, the second, fourth and ninth.

When he began the ninth, Wood, a 6-foot-5-inch (1.95-meter) right-hander who turns 21 next month, had a chance to finish with 21 strikeouts. That would have tied the mark for a game of any length that Tom Cheney of Washington set in 16 innings in 1962. Wood struck out Billy Spers, a pinch-hitter, for No. 19, but Biggio hit a grounder to short for the second out.

Wood then finished with a flourish, making Bell No. 20.

In other games, The Associated Press reported:

Brewers 7, Dodgers 0 In Atlanta, Greg Maddux allowed five hits in seven innings, and Chipper Jones and Michael Tucker homered as Atlanta beat Los Angeles to win for the eighth time in nine games.

Phillies 7, Rockies 6 Bobby Abreu's fourth hit of the game, a run-scoring single in the bottom of the 10th inning, gave Philadelphia a victory over Colorado.

Brewers 3, Padres 2 In Milwaukee, San Diego's Tony Gwynn tied the game with a home run in the top of the ninth, but Mark Loretta won the game for the Brewers with a run-scoring double in the bottom of the ninth.

Giants 10, Marlins 9 Brent Mayne hit a game-tying grand slam and San Francisco took advantage of seven walks in the final three innings to overcome a 9-3 deficit in Miami.

Pirates 5, Cardinals 0 Jason Schmidt held visiting St. Louis to two hits in seven innings. Jason Christiansen completed a four-hitter for Pittsburgh.

Mets 9, Diamondbacks 2 In New York, Jim Tatum hit a go-ahead single in the eighth inning, in which the Mets rallied for seven runs, as New York won by scoring in its final at-bat for the ninth time this season.

Reds 4, Expos 2 In Montreal, Dmitri Young broke a 2-all tie in the sixth with a homer as visiting Cincinnati won its third straight series.

Devil Rays 5, Royals 0 Rolando Arroyo, a 29-year-old rookie, pitched his second consecutive three-hit shutout as Tampa Bay stopped a four-game losing streak with a victory in Kansas City.

Twins 8, Red Sox 7 Ron Coomer went 3-for-5 with a homer and LaTroy Hawkins got his first victory of the year as Minnesota held on when host Boston scored three runs in the ninth.

Mariners 10, White Sox 9 Joey Cora tripled in the eighth inning and scored the go-ahead run on David Segui's sacrifice fly as Seattle outlasted Chicago.

Blue Jays 6, Angels 5 In Anaheim, Jose Canseco and Tony Fernandez hit solo homers and Juan Samuel scored the go-ahead run on a fielder's choice grounder by Fernandez.

Former Teammate Tames Bulls

Charlotte's B.J. Armstrong Eclipses Jordan in Dying Moments

The Associated Press

CHICAGO — The Chicago Bulls stood around, waiting for Michael Jordan to save them once again.

It didn't happen. And the Bulls have Jordan's former backcourt mate to thank.

B.J. Armstrong, the Charlotte guard, scored eight of his 10 points in the final period, including the game-sealing jumper with 17 seconds left, as the Hornets rallied to beat Chicago, 78-76, Wednesday night.

As Armstrong's 17-footer went in he turned toward his old teammates, pumped his fist and started whooping at them. The Bulls could only stare back in silence.

Armstrong, who played on Chicago's first three championship teams of the decade but was left unprotected in the 1995 expansion draft, wasn't about to let the moment go. He was still yapping at Scottie Pippen after a timeout.

"Some people may be shocked with his attitude and some of his gestures, but give him respect," Jordan said. He motivated his team and won a game, a big game for them."

Charlotte's victory evened the Eastern Conference semifinals at one game apiece, with Game 3 on Friday in Charlotte.

After a dismal showing Sunday in which they shot just 36 percent, the Hornets appeared to be headed for another bad night after the first three quarters. Glen Rice, who is Charlotte's key scorer but has a history of trouble at Chicago's United Center, was 4-of-12.

"Late in the game, they clamped

Anthony Mason was 5-of-12. Charlotte's shooting accuracy was hovering around the 35 percent mark.

As his team trailed by eight midway through the fourth quarter, coach Dave Cowens turned to his reserves for help. Armstrong and Dell Curry didn't disappoint him. Curry sparked a 9-0 run with a 3-pointer with 6:46 left, and his follow-up jumper gave Charlotte a 64-63 lead.

Curry scored 13 of his 15 in the final period.

"B.J. and Dell came in and played big," Cowens said. "I did not play Dell a lot early because we knew they would put a lot of pressure and we wanted a

fresh shooter at the end. B.J. hit big shots at the end and kept us organized."

While Armstrong and Curry were rolling, their teammates were shutting the Bulls down. Chicago was just 8-of-24 (33 percent) in the fourth quarter and 31-of-85 (36.5 percent) overall. Scottie Pippen, who finished with 13 points, was scoreless in the final period, missing all six of his field-goal attempts.

Jordan managed to keep the Bulls' scoring eight of his 22 points in the fourth quarter. But after he hit two free throws to cut the margin to 74-71 with 2:26 left, Mason stopped him cold.

The Bulls wouldn't score again until Luc Longley's layup with 11 seconds left. Toni Kukoc added a meaningless 3-pointer at the buzzer.

"Late in the game, they clamped

down defensively," Jordan said. "We rotated and didn't get the baskets that we wanted. They came back with a lot more momentum at that time and made some big baskets down the stretch."

Mason finished with 15 points for Charlotte, and Rice added 14. Vlade Divac grabbed 19 rebounds, including a key offensive one to set up Armstrong's jumper.

Dennis Rodman had 18 rebounds for the Bulls.

Armstrong tried to play down the significance of his shot and his role in beating his old team.

"What happened then is then and what happens now is now," he said. "I had a shot that presented itself and I pulled up and shot it with confidence. Fortunately, it went down."

Lakers 92, SuperSonics 68 In Seattle, Shaquille O'Neal got even with Sonics coach George Karl, who criticized the Lakers center's high elbows and hip-hop moves in the paint. O'Neal scored 20 of his 26 points in the first half and had 10 rebounds and four blocked shots before leaving with 4:20 to play and the Lakers ahead by 21.

Eddie Jones added a career playoff-high 23 points, and Nick Van Exel had 16 for the Lakers, who played without 19-year-old All-Star Kobe Bryant, who missed the game because of the flu.

Vin Baker had 13 points, and Gary Payton and Sam Perkins had 12 apiece for Seattle, which was held to a franchise-low postseason scoring output.

The 68 points were the fewest given up by the Lakers in a playoff game.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE	W	L	Pct.	GB
New York	22	6	.786	0
Boston	21	10	.677	2 1/2
Baltimore	16	16	.500	6 1/2
Toronto	14	18	.438	10
Tampa Bay	13	19	.412	10 1/2

CENTRAL DIVISION	W	L	Pct.	GB
Cleveland	19	12	.613	0
Kansas City	13	18	.420	6 1/2
Minnesota	12	19	.387	7 1/2
Chicago	12	19	.387	7 1/2
Detroit	8	20	.286	12 1/2

WEST DIVISION	W	L	Pct.	GB
Texas	19	12	.613	0
Seattle	17	15	.531	2 1/2
San Diego	16	16	.500	3 1/2
Oakland	14	17	.452	5 1/2

NATIONAL LEAGUE	W	L	Pct.	GB
Atlanta	23	10	.697	0
New York	22	11	.667	1 1/2
Philadelphia	14	17	.452	10 1/2
Montreal	11	20	.355	13 1/2
Florida	11	22	.333	15 1/2

CENTRAL DIVISION	W	L	Pct.	GB
Houston	20	12	.625	0
St. Louis	18	15	.545	2 1/2
Chicago	17	15	.531	3 1/2
San Francisco	16	16	.500	4 1/2
Pittsburgh	14	18	.438	6 1/2

WEST DIVISION	W	L	Pct.	GB
San Diego	22	10	.688	0
San Francisco	18	15	.545	4 1/2
Los Angeles	16	16	.500	6 1/2
Colorado	15	18	.455	7 1/2
Arizona	8	25	.242	14 1/2

WEDNESDAY UNDERDOGS	W	L	Pct.	GB
Detroit	200	100	.667	0
San Francisco	200	100	.667	0
Los Angeles	200	100	.667	0
San Diego	200	100	.667	0
Colorado	200	100	.667	0

WEDNESDAY UNDERDOGS	W	L	Pct.	GB
Detroit	200	100	.667	0
San Francisco	200	100	.667	0
Los Angeles	200	100	.667	0
San Diego	200	100	.667	0
Colorado	200	100	.667	0

WEDNESDAY UNDERDOGS	W	L	Pct.	GB
Detroit	200	100	.667	0
San Francisco	200	100	.667	0
Los Angeles	200	100	.667	0
San Diego	200	100	.667	0
Colorado	200	100	.667	0

WEDNESDAY UNDERDOGS	W	L	Pct.	GB
Detroit	200	100	.667	0
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Los Angeles	200	100	.667	0
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WEDNESDAY UNDERDOGS	W	L	Pct.	GB
Detroit	200	100	.667	0
San Francisco	200	100	.667	0
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WEDNESDAY UNDERDOGS	W	L	Pct.	GB
Detroit	200	100	.667	0
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WEDNESDAY UNDERDOGS	W	L	Pct.	GB
Detroit	200	100	.667	0
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WEDNESDAY UNDERDOGS	W	L	Pct.	GB
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WEDNESDAY UNDERDOGS	W	L	Pct.	GB
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WEDNESDAY UNDERDOGS	W	L	Pct.	GB
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WEDNESDAY UNDERDOGS	W	L	Pct.	GB
Detroit	200	100	.667	0
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WEDNESDAY UNDERDOGS	W	L	Pct.	GB
Detroit	200	100	.667	0
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Los Angeles	200	100	.667	0
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WEDNESDAY UNDERDOGS	W	L	Pct.	GB
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WEDNESDAY UNDERDOGS	W	L	Pct.	GB
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San Francisco	200	100	.667	0
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WEDNESDAY UNDERDOGS	W	L	Pct.	GB
Detroit	200	100	.667	0
San Francisco	200	100	.667	0
Los Angeles	200	100	.667	0
San Diego	200	100	.667	0
Colorado	200	100	.667	0

WEDNESDAY UNDERDOGS	W	L	Pct.	GB
Detroit	200	100	.667	0</

ON WRITING

A Graceful Chronicler

By Elisabeth Bumiller
New York Times Service

NEW YORK — William Zinsser is the author of "On Writing Well," a quiet how-to bible that has sold nearly a million copies in 22 years. At 75, he has come to see the teaching of writing as his ministry.

Here are some things Zinsser has told his flock: Clutter is the disease of American writing. Never use "quintessential" for "daily" or "venue" for "place." Be economical with the semicolon, unless you want to sound like Thomas Hardy. (Maybe you do. Zinsser himself uses the semicolon more often these days.) The dash — unfairly considered "a bumpkin at the genteel dinner table of good English" — will get you out of tight corners.

Above all, remember that writing well is lonely and hard, and that all writers are vulnerable and tense. "They're always going to be vulnerable and tense," Zinsser said. "And so am I." But try to enjoy yourself, he said.

Next week Zinsser is donating his papers to the Fales Library of New York University. There will be a party on Tuesday to celebrate, and also to mark the publication of the sixth edition of "On Writing Well," which Zinsser updates whenever he learns something new. "I'm still learning stuff that I didn't know five years ago," he said. "No one comes to you in the mid-Medicare years and says: 'That's it! You got it!'"

Zinsser spoke in his office on East 55th Street as he luxuriated in the noise of buses groaning down Lexington Avenue. "I love it," he said. Zinsser grew up in Great Neck on Long Island, now lives on East 62d Street.

He is the courtly offspring of a "very tidy WASP family" — specifically, a mother who clipped funny newspaper articles for him when he was a child and a father who was sad when Zinsser rejected the family shellac business for the wonders of the old New York Herald Tribune. It was, of course, a gentle rebellion; no one has ever called Zinsser a revolutionary. But dignified and principled, yes.

He has had many jobs over the years (chief movie critic of the Herald Tribune was among the best), but the one he cherishes most is teacher. From 1970 to 1979, he taught a nonfiction writing course at Yale that grew into his book.

Some of his students became professional writers. Christopher Buckley and Mark Singer of The New Yorker among them, but many more were civilians who became doctors and lawyers. Singer has solicited testimonials from them for Zinsser's party, and judging from the quality of their e-mail, they know, mostly, how to whack through verbal weeds. Zinsser will be pleased.

"My dad thought that Zinsser was great, though he never met the man," wrote Steve Ballou, a family doctor in northwest Quebec. "Of all the work I brought home from Yale, it was my creative-writing papers, and especially the profuse comments in the margins, that interested him. My dad said that he really felt he was getting his money's worth."

Zinsser has spent a lot of time this past year pulling together what New York University calls the William Zinsser Papers. Since he hates pomposity, written and spoken, he is quick to say that his "papers" consist of his newspaper and magazine articles, as well as 15 books he wrote and six he edited. He also has letters from readers and students.

How has he organized it? "Well," he said, "What you do is get new manila envelopes." He gestured to his office bookshelf, where the envelopes were neatly filed, and to a few cardboard boxes on the floor. "My entire life is in this corner," he said. Inside one of the envelopes was a 1963 article from The Saturday Evening Post on a promising new comedian, Woody Allen — one of about 200 magazine articles Zinsser wrote in a decade as a free-lancer.

Zinsser's two children are now grown. His wife, Caroline, former director of the Bank Street School, is the program officer for education at the Rockefeller Brothers Fund. They have a weekend house in Connecticut, where she gardens and he does not. "I just sort of bicycle around looking for people to talk to," he said cheerfully. "I am not that self-amusing."

Zinsser went to Princeton and teaches writing at the New School, but is giving his papers to NYU because the school wants them. Besides, he likes the idea of having the record of his entire professional life in New York.

And he doesn't mind parting with them? "Well," he said slowly, "I do. But I can get on the No. 6 train and go down and see them."

'I'm still learning stuff that I didn't know five years ago.'

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Anne Heche Awaits the Word: Is She Still a Star?

By Bernard Weinraub
New York Times Service

LOS ANGELES — Anne Heche was one of the fastest-rising young actresses in Hollywood, increasingly sought after by A-list directors and studio executives, a comedian and a dramatic actress whose range and intensity had stirred Hollywood's attention, she seemed poised to be a big star.

Then she and Ellen DeGeneres fell in love.

"I was naive, hugely naive — I fell in love, and I actually didn't believe people would care," Heche, 28, said quietly at the home she shares with DeGeneres here. "And then everything came crashing down. In an instant, I was told I was not going to have a job anymore. The Hollywood community and friends and family backed away. Nobody was there. Nobody was hiring me. And then the word came that everybody was going to wait and see how I did in 'Six Days, Seven Nights.'"

Heche was cast in that high-profile comedy — which opens in the United States on June 12 — virtually moments before she revealed her relationship with DeGeneres a year ago. The director of the movie, Ivan Reitman, and the studio that was making it, Walt Disney, were worried. Never before had an actor or actress been this forward about having a gay relationship and, at the same time, asked Hollywood and the public to accept them as a heterosexual romantic lead.

And not just an ordinary romantic lead. In this case she was starring opposite Mr. Macho, Harrison Ford, in a film about a sleek New York magazine editor (Heche) who is stranded on a deserted island with a scruffy cargo pilot (Ford). The two have nothing in common, and then, well, one thing leads to another.

"There has never been an openly gay actress in a movie, certainly a movie as big as this — and they had a right to be nervous," Heche said. "All of them were, and I saw that. And I thought, well,

maybe this is an opportunity to change people's minds, to shift consciousness. Maybe it's history-making. But when I was in it, it was hurtful and weird."

Heche grew up poor, mostly in Ohio and southern New Jersey. Her father, Donald, was, in Heche's words, "a split personality, schizophrenic," who barely eked out a living as a church organist. A gay man who never revealed his homosexuality, he died of AIDS in 1983, when she was 14. Her brother died in a car crash three months later. After that, she and her mother, Nancy, moved to Chicago, and family life unraveled.

"We never told the truth in our family — never told the truth about one thing," Heche said. "We were poor, but we said we were rich. We were falling apart, but we said we were good Christians. We had a father who lived a double life, but we pretended that we were absolutely fine. We lived on the streets but said we didn't. Everything we did was a lie. Denial, denial, denial."

It is Heche's hunger to tell the truth, whatever the price, that led to the media frenzy over her relationship with DeGeneres. As for the cynics who said that Heche's coming out was actually a career move, Heche rolled her eyes.

"That's brilliant — people saying they're gay to promote their careers," she said.

With the exception of "Force Majeure," a movie directed by Joseph Ruben that opens in August, scripts have been hard to come by for Heche — despite critics' overwhelmingly positive comments last year on her performances as a White House aide in "Wag the Dog" and as the long-suffering wife of the federal agent played by Johnny Depp in "Donnie Brasco."

"I have not gotten any offers," she said, referring to the time since



DeGeneres, left, and Heche at a Human Rights Campaign Fund dinner.

the making of "Force Majeure." Her nervousness about "Six Days, Seven Nights" is palpable.

"I mean, there is an element of people going to see the movie and wondering if I can create the reality of being with a man on screen — and hopefully this will take away everybody's questions," she said.

"Actors act. I want to get back to that. Come on, this is my job, this is what I do."

But in Hollywood — which is a liberal place until an issue hits too close to home — the sexual orientation of a high-profile actor is, at the very least, a subject of discussion.

Reitman, whose other films include "Dave" and "Ghostbusters," insists there was scant concern about Heche's private life, but this sounds unlikely. To get the

plum role, Heche had beat out such better-known actresses as Nicole Kidman and Sandra Bullock. "She had this amazing chemistry with Harrison," said Roger Birnbaum, one of producers.

Reitman said, "She just got under Harrison's skin and made him come alive and energetic in a different way than anyone else had done. He's an extraordinary actor, and you wanted someone to hold the frame as well as he can. And she was neither intimidated nor fearful of him."

As for Ford, the star said that Heche's sexual identity was simply not important to him. "I could care less," he said. "I don't judge that to be an issue."

"She has a mind of her own," he added, "she's clear on the character she's representing and she has

an apparently simple process of acting. Anne doesn't find acting a convoluted process. She finds acting easy and fun."

After playing in "Another World" in New York for a time, she moved to Los Angeles in 1988. She got work almost immediately, winning a role in TNT's "Kingfish: The Story of Huey P. Long," for example. She received encouragement from directors like Barry Levinson and John Frankenheimer and stars like Jessica Lange and Al Pacino.

Before meeting DeGeneres at Vanity Fair's post-Academy Awards party at Morton's two years ago, Heche had been in extended relationships with several men — including Steve Martin, for about two years. She said that as soon as she met DeGeneres, whom she had not watched much on television, she was almost blinded with love. "I just knew him in that moment," she said.

DeGeneres said she had first seen the actress in "Walking and Talking" (1996). "I didn't know who she was and asked my friend, 'Who is that? She's amazing,'" said DeGeneres. "And then I met her at the Vanity Fair party. And it was a chemistry thing that you can't really describe. It just happened."

The two said they hoped to work together soon. Heche said she wants to embark on a writing career, especially if her acting prospects are seriously damaged. So is she scared?

She paused again. DeGeneres watched her. "If I didn't act, I'd be crushed," she said. "That's the thing that hurts most. The idea that someone was going to take away what gives me the most pleasure because of my sexual orientation. That's the most unfair part. I don't think that's the way the world works. I hope it's not the way the world works."

PEOPLE

and written by two Frenchmen, Jacques Morali and Henri Belolo, was ninth.

Roger Moore, the actor who played James Bond seven times since 1973, says there's too much violence these days — particularly when it comes to 007. "I didn't like the last few Bond films," Moore said. "The bad guy was machine-gunning hundreds of people down."

"Seinfeld" fans will have to make like Jerry, George, Elaine and Kramer for the final episode and bang out at home. Fuji Photo Film gave up on plans to stage a "Seinfeld" in New York City for thousands to watch the May 14 finale together. "People are as surprised as we are that New York is not doing a party," said Mindy Kramer, the company spokeswoman. The effort to pull together a public farewell had been going on for weeks. Mayor Rudolph Giuliani rejected the notion of staging a bash in Times Square, which prompted Radio City Music Hall to offer itself as a

venue. But that idea fizzled, too, so Fuji hoped for Bryant Park. The parks commissioner said "no," but floated the possibility of Central Park. It's too late now, said Fuji, which has purchased \$1.8 million worth of commercials for the last episode.

The engagement between the former South African president Pieter W. Botha and Reineette Water Naude is reported to be off because the fiancée is still seeing her former boyfriend, according to the Cape Times. Botha, 82, broke off the engagement after confronting Naude, 46, over rumors that she was seen hand-in-hand with Piki Schuman, a police detective, the newspaper said. Botha and Naude became engaged in October.

Aerosmith's lead singer, Steven Tyler, is on the mend from knee surgery that forced the band to postpone its North American tour through June 4. Tyler hurt his knee when he fell during a concert in Alaska last week.



The singer Andrea Bocelli receiving his World Music Award from the Italian actress Monica Bellucci.

AMONG the big winners at a World Music Awards ceremony in Monaco were Mariah Carey, Gloria Estefan and Andrea Bocelli. The event, under the patronage of Prince Albert and Princess Stephanie, rewards record sales. The actor Mickey Rourke and the former boxing champion Mike Tyson presented some of the top prizes in front of an audience of about 1,000. Funds raised by the ceremony will go to help build hospitals in Niger and Egypt.

"Comme d'Habitude," the hit song by the late variety-music star Claude Francois, was France's biggest musical export last year, 30 years after it was first penned. Frank Sinatra made the song into an even bigger hit called "My Way." SACEM, the French association of music writers and composers, said Francois' song sold more abroad in 1997 than any other French musical work. In second place was Maurice Ravel's "Bolero." "Go West," the song made famous by the Village People in 1978



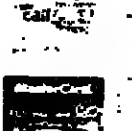
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The World's Daily Newspaper

U.S. Job Machine

By Mitchell Martin
NEW YORK — The U.S. economy is showing signs of recovery, but it's still a long way from being a job machine. The unemployment rate is still high, and many workers are still looking for jobs. The economy is still in a recession, and it's going to take a while to get back on track.

U.S. Senate Unanimous
On Overhauling the
Employers Would Get Extensive

WASHINGTON — The U.S. Senate has passed a bill to overhaul the National Labor Relations Board (NLRB). The bill, which is now headed to the President, would give employers more control over their workforce. It would also give employers the right to hire and fire workers without having to go through the NLRB. The bill is controversial, and many labor unions are opposed to it.

Rattled Japan
By Sherry...
TOKYO — Japan's economy is still in a state of shock after the earthquake and tsunami in the Pacific. The government is trying to get the economy back on track, but it's still a long way from being a job machine. The unemployment rate is still high, and many workers are still looking for jobs.

An Awakening in
Battered Women Get Attention in
Sensitize the Public to Domestic

By Jane Perlez
NEW YORK — A new book by a Polish woman, "The Girl on the Train," is a powerful story of a woman who is battered by her husband. The book is a bestseller, and it's helping to raise awareness of domestic violence. The author is a Polish woman who has lived in the U.S. for many years. She is a powerful storyteller, and her book is a powerful message.

U.S. C...
WASHINGTON — The U.S. Congress is considering a bill to...
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